

FAR EASTERN ECONOMIC REVIEW

FINANCE, TRADE & INDUSTRY

Vol. I.

Hongkong, December 4th, 1946.

No. 8.

CONTENTS:

China's Foreign Trade
Shanghai Distress
Anti-Foreignism in China
Repercussions of the Sino-American Treaty of Commerce
Life Insurance in Hongkong and China
CN\$ Rumours and Views
China's Agriculture and Forestry
Developments in the Philippine Islands
Stock and Share Business
Manila Stock Exchange
Shanghai Stock Exchange
Shanghai Listed Shares
Exchange Market
Hongkong's Principal Trading Partners

Revolutionary Land Reform Demands
Anglo-Chinese Friendship in Yenai
Aviation Reports
Shipping Reports
China Shipping Returns
Yunnan and Szechuan Trade Notes
Duties on Liquor and Tobacco
Financial Notes
Position of Hongkong Warehouses
Hongkong & Kowloon Wharf and Godown Company
Company News and Reports
Hongkong Cost of Living
Investment Returns of Hongkong Public Companies

FAR EASTERN ECONOMIC REVIEW

FINANCE, TRADE & INDUSTRY

Vol. I.

Hongkong, December 4th, 1946.

No. 8.

Notes of the Week

China's Foreign Trade

It can now be said that the CN\$ devaluation by the Chinese Government of August 19 has turned out to be a complete failure. The increase of China's unfavourable trade balance has been more marked after the enforcement of the revision of foreign exchange; imports have not been reduced but exports have dwindled:

Imports & Exports of China for the first nine months of the year as recorded by Customs state: CN\$997,587 millions for imports of merchandise (another 28 billion to be added for gold imports), and CN\$226,713 for exports.

	Imports (in CN\$ millions)	Exports (in CN\$ millions)
August	137,458	63,073
September	245,800	67,356

Figures for October are as yet only available for Shanghai; since this port handles most of China's foreign trade the figures below are good enough to gauge the progressive trade deficit of the whole of China.

	Imports into Shanghai (in CN\$ millions)	Exports from Shanghai
September	222,606	53,520
October	202,700	17,587 (!)

Customs records do not reveal the real extent of the adverse balance of China's trade. Imports into China passing without official knowledge are estimated to be about 100 per cent. higher than appear in the records of the Maritime Customs. Exports, of course, are also considerably larger; but even taking for granted that exports are also 100 per cent. higher than shown in the Customs statistics, the unfavourable trade balance is just as well swelling beyond bounds.

Hongkong's trade with China for the month of September recorded, according to statistics compiled by the Import & Export Department, HK\$27½ million for imports from China and HK\$33 million for exports to China. The Chinese Maritime Customs, however, state for September: CN\$8.7 billions for imports from Hongkong, and CN\$12 billions for exports to Hongkong. Customs computation for CN\$ into HK\$ for September was based on the Chinese Government's average official rate of exchange which were: for CN\$1,000 HK\$1.30652, and US\$0.29674.

From a calculation of Hongkong and China recorded trade for the month of September it will appear that China exported to Hongkong much more than double the amount as listed in the Customs records; and China imported

from Hongkong about three times more value of goods than recorded by the Chinese Customs.

American trade records always show that U.S. trade with China is far larger than registered by the Chinese Customs. On the average trade between U.S. and China according to U.S. statistics is about double of what the Chinese Customs record or are able to record.

Shanghai Distress

Since about middle of this year general conditions in Shanghai have markedly deteriorated and an already explosive situation has developed into one approaching revolutionary character. The riots witnessed a few days ago in Shanghai were not unexpected and the general feeling is that further violence cannot be avoided.

Unless fundamental conditions change in Shanghai the latent civil war mood will one day break out into real fighting and cause an economic breakdown. The signs are ominous indeed. Labour in Shanghai is well organised and class conscious. The proletariat may, if the right moment arrives, sweep the larger part of the people with it into a revolutionary bid for power.

An exodus of wealthy citizens of Shanghai has begun some time ago. Hongkong has felt the influx of rich Shanghai refugees who have not been regarded with favour locally since their free-spending has tended to increase prices on local markets. Many young Chinese, despairing about the future of their country, have left their homes desiring to settle overseas. However, they do no longer find the same atmosphere in those places traditionally chosen for emigration and settlement. Native resentment and nationalism have confronted the overseas Chinese with the alternative to become a loyal citizen of the country of his immigration or to suffer discrimination and eventual expulsion. The choice before the Chinese emigrant is simple: he has to renounce his Chinese citizenship and to acquire citizenship of the country of his adoption; or he better does not emigrate at all.

China to-day does not present a reassuring picture and even taking the long view no improvements can be hoped for until many years have passed. China's opportunity presented after Japan's downfall was never grasped; while defeated Japan is slowly recovering under American guidance, and expected to develop into the major industrial power of Asia once again, China is smarting under civil war, wide-spread corruption and graft, and economic distress.

Anti-Foreignism in China

There is no doubt that anti-foreign sentiments are widespread in China to-day. Complaints by foreign residents and travellers in China appear more and more in the press both in China and abroad. "The Readers' Forum", "Letters to the Editor", "Correspondence" and similar columns in the press have recently been conspicuous with charges and expressions of dissatisfaction about the treatment received by foreigners in China. In the avalanche of letters to the Editor published in the American-owned "Shanghai Evening Post & Mercury", following the now famous "Get the Hell out of China-Movement" inauguration of November 4, the deep rift of feelings between Chinese and foreigners was bared. The anti-British propaganda carried on by certain groups in Canton has been upheld and fostered by anti-foreignism.

Efforts both by real friends of China and the Chinese people as well as by a number of Chinese officials and business leaders have tried to conceal the facts and to appease growing resentment on both sides. The situation is, of course, not serious but very unpleasant for foreign residents in China. The foreigner has been made the scapegoat for all the ills of China, and many cases of violence and ill-treatment suffered by foreigners are on record. Most distasteful appear the organised brutalities inflicted by Chinese football match spectators on the foreign teams; such manifestations of anti-foreignism have recently led to the discontinuation of sports contests by foreign football teams in Shanghai.

Chauvinist extremists are fanning anti-foreignism conducting in a large number of the Chinese press (both in the political dailies and particularly in the mosquito press) a violent anti-foreign campaign. The average Chinese reader in the coastal cities as well as in the interior is misinformed about foreign countries' "sinister" activities in China and alleged conspiracies by various countries intent on encroaching on Chinese rights, lives and property. The allegations are mostly absurd but the propagandists' aim is not to serve truth but to sow more and deeper discord between Chinese and foreigners. The masses are unfortunately influenced by the repetitions of this sort of hatred-inspired propaganda.

The present critical economic position of China and the belligerent mood of the people caused by general distress and the civil war operations are exploited to the hilt by the chauvinists blaming the chaotic and still deteriorating conditions of their country on foreign "economic aggression, intervention, and oppression".

Responsible Chinese quarters look on almost helplessly. But it will be necessary that before the wild-fire of anti-foreignism spreads further some action is taken in order to offset the influence of the agitators; promotion of Sino-foreign understanding and cooperation between the East and West must be energetically undertaken and it will be incumbent on the educated and prominent Chinese to enlighten their people and reinforce the basis for friendship and mutual respect.

Repercussions of the Sino-American Treaty of Commerce

The publication of the American-Chinese Treaty of Commerce has caused in many sections of the Chinese press and public a series of outbursts of disapproval which culminated in a campaign to request the Chinese Government to refuse the ratification of the treaty. The Communist Party has declared that as far as they are concerned no treaty signed by the present totalitarian Nanking Govt. will be recognised by them; this holds also good for the contraction of any foreign loans or obligations into which Nanking has entered. The various democratic parties while not repudiating the Treaty altogether have made it clear that they will demand its termination in 1951 (expiry of Treaty). With all possible and impossible arguments the essence and meaning of the Treaty has been attacked and deep emotions of the people were aroused in order to mobilise popular sentiments against American policy generally.

So far the "middle-of-the-roaders".

Among the Kuomintang are divergent views held which have disturbed the otherwise smooth appearance of the KMT press. The ultra-conservatives have assailed the spirit of the treaty and are arousing, by misquoting Treaty stipulations and interpreting every clause in a hatred-inspiring way, popular resentment against Chinese dealings with foreigners generally.

A crisis in relations between China and foreign countries has been revealed by the aftermath of the Sino-U.S. Treaty.

Tension was smouldering for several months after the end of war; it had its roots in historic and psychological developments. The general feeling of resentment harboured by large sections of the Chinese people issued into a wave of fundamentally anti-foreign propaganda. It is not the intemperate language of Chinese criticism of the Treaty which so readily grasped this occasion to exploit it to what it appeared worth; the appalling discovery was that mental and emotional confusion has accumulated in China under guidance and instigation of nationalists until reason has been blurred and an unbiased study of so simple an affair as an agreement on commerce and navigation was twisted into a document of American aggression, economic tyranny and proof by implication that foreign countries are out to enslave China for another 100 years.

The purpose of the many prevarications in the leading press organs of China can only have been to play on the ever clearer emerging disharmony between China and the West. The philosophy

of Pan-Asianism may be the basis for the inspirators of this and so many more anti-foreign press storms. A comparative handful of modern and clear-minded officials in the govt., business men and intellectuals cannot stem the tide of chauvinism in China.

In many instances one would be led to believe that press criticism has been caused by utter ignorance on the part of the editor or the reviewing economists. The leading daily of the Chinese Democrats, "Wen Hui Pao", boasting of one of the largest circulation in China, stated inter alia:

"American goods in China have become an American peril". U.S. commercial goods, relief supplies, lend-lease supplies and U.S. Army surplus goods have "already brought China's economy to the brink of bankruptcy". U.S. supplies have caused thus great harm to the national economy. The Treaty will lead to large investments of U.S. capital in China for the purpose of establishing factories in China, which is very bad for China. All industries in China will in future be run by U.S. capitalists, with the possible exception of a few where bureaucratic or compradore capital of China will also be invested. Private-owned Chinese industry will no longer exist. The U.S. "wants to colonize China; through the so-called equal and reciprocal treaty of commerce the U.S. program of colonising China has been given a legal basis". In short: the treaty is pure and simple "economic aggression".

The provision in the treaty dealing with exploration and exploitation of mines is consistently explained to the people by this and similar papers as meaning that China has sold out her rights on her mineral wealth and that U.S. is now going to "exploit", "abuse" and "otherwise take advantage of" Chinese mines. In order to show the duplicity of America, the "Wen Hui Pao" exclaims: "Do you think the U.S. would welcome Chinese to engage in exploration and development of mines in U.S.?"

Commonly regarded as China's foremost and independent paper, although closely connected with powerful groups of KMT, the "Ta Kung Pao" has attacked the treaty since its terms were published and has guided large numbers of the Chinese press all over the country who usually take their clue from this very respectable daily. The comments published by this paper were lacking in the usual sober way of reporting and abounded in prevarications. The "most-favoured-nation" clause was explained as meaning that other countries than U.S. shall NOT enjoy the same privileges in China which are enjoyed by U.S. by strength of the Treaty.

Officials of the Shanghai Municipal Govt. have tried to calm down the people's wrath and indignation which were aroused by distortions in the press. Officials of the Central Bank of China have come out courageously in support of the Treaty and publicly stated that they "support closer economic cooperation, cultural exchange between U.S. and China". Such men have hailed the Treaty as a "bridge in promoting Sino-U.S. relations". But their statements were voices in the wilderness and gained small circulation only. The nation-wide campaign against American and, by inference, any foreign aggression has practically silenced the saner views of reason and understanding.

The American Ambassador to China, Dr. Stuart, tried to impart to the misled Chinese people the actual importance and meaning of the Treaty; and so did a handful of foreign economists and writers.

Summarising the various editorials and commentaries of criticism and opposition which were published in the Chinese press (ignoring all the papers which have affiliations with the Communists) the following points emerge:

- 1.—"Equality between China and U.S. does not really exist but on paper". Since these two countries are not equal, no "equal treaties" can be signed.
- 2.—If China "attains actual equality" she may conclude pacts; it is now premature to do so.
- 3.—Foreign manufactured goods are superior, foreign traders enjoy advantages because of superior production means, transport and banking. If the idealistic concept of equality is translated into facts by applying it to the principle of equality in commerce China will actually prove to be unequal.
- 4.—The basis of Chinese xenophobia is to be sought in the inequality of material civilisation; China can therefore not afford to treat superior trading nations on an equal basis.
- 5.—Japanese aggressions are similar to recent trends in American policy, and although China has invited U.S. to assist this country, actually this assistance turns out to bring about ruin and bankruptcy of China. (America of to-day is sometimes likened to the Manchou Empire whose troops were invited by Gen. Wu San-kwei only to overthrow finally the Ming Dynasty).
- 6.—China is fearful of U.S. industrial strength and if treated on an equal basis will suffer "economic slavery", "reduction to the status of a colony"; therefore the Treaty was described as the "most detrimental to Chinese sovereignty ever signed in history".
- 7.—Foreign competition in China must be controlled or eliminated altogether by either quotaing or prohibiting establishment of factories and offices in China; U.S. manufacturers will outproduce and outsell the Chinese factories.
- 8.—Until China has not achieved a material civilisation equal to the West she had better return to a status of isolation. China, it is contended, was forced to leave her isolation and to enter into relations with the predatory West; unequal treaties were forced on her, and the present Treaty is in keeping with the previous ones.
- 9.—Since the Treaty has been concluded it can only be revised substantially before coming into force, and at its expiry the Treaty must not be renewed.

An official of the Shanghai Municipal Govt. referred to the public clamour and agitation aroused by the press as "mass hysteria", and suggested that "freedom of speech" in China is abused by irresponsible newspapers; however, it cannot be denied that a large part of the people thinks and feels as its press describes it.

E. J.

Life Insurance in Hongkong & China

Sound Progress Here—No Business any Longer in Shanghai

(By E. J. R. MITCHELL)

Life Insurance business in Hongkong started to pick up very soon after the liberation. The contributory causes were:

1. Plenty of money available for investment in policies.
2. No interest being allowed by Banks on current accounts.
3. Insurance Companies had claims to pay out in Hongkong as a result of the fighting during the war, and the subsequent deaths of inhabitants in Hongkong itself and the various internment camps.

It was a very reassuring fact to the population here that certain Insurance Companies were able to start operations as early as October 1945, and not only pay out claims, but grant loans to policyholders, assist in bringing policies up to date, and write new business. This was particularly true of the Canadian firms, who were not as handicapped as the local firms and were not impeded in any way by the moratorium or freezing of accounts.

The Canadian Companies have several very fine features in their contracts which make them so popular with the Chinese and foreign population generally. In particular, they are able to allow policyholders, when policies become claims, either by death or maturity, to leave the proceeds of such policies on accumulation at $3\frac{1}{2}\%$ on old policies, and 3% on policies taken out since 1st October 1939. Other factors are that instead of paying the proceeds out in a lump sum, they may be paid out, without any extra charge, by monthly instalments either for a limited period to cover certain needs, or for the rest of the policyholder's or beneficiary's life, with a minimum 10 or even 20 year guarantee, as selected.

Just after the liberation the writer opened his own office, and in order to assist the general public in Hongkong, agreed to look after the interests of all policyholders of all Canadian and American Companies whose offices had not yet been able to re-start. By the end of October this year, the writer had the pleasure of handing over to the last of the Canadian Companies to return to Hongkong. In this way he was able to demonstrate to the population the close friendship and cooperation between all Insurance Companies, and their wish to service all their policyholders as speedily as possible.

During the occupation no premiums could be paid, nor could they be forwarded to Canada or the State or Great Britain. There is a clause in all policies that if the insured does not pay the premium within 30 days of grace allowed from the renewal date, the insurance companies will automatically advance the premiums so long as there is sufficient cash in the policy to do so. In view of the fact that the Companies did not know which of their policyholders had been killed or have died, or been executed, they felt it incumbent upon themselves to advance these premiums, but they unanimously decided to reduce the interest rate from 7% down to 4% for the

period of the occupation and until a date to be announced later. In the event of death claims, or policies which become claims through maturity, the Companies are allowing 3% compound interest on the full face amount due from the time the policies become claims until they are eventually settled. This may appear as though the Companies were making 1% on the deal, but 4% on overdue premiums is not as great as 3% on the face values of policies.

Another reason why insurance in Hongkong is flourishing is because so much capital has been diverted from Shanghai to the security of Hongkong. Not only has capital been diverted from Shanghai, but all the leading Canadian Companies have closed their offices in Shanghai owing to the absurd regulations made by the Chinese authorities there that all business must be done in Chinese National Dollars, and that all existing business in foreign currencies must also be converted into Chinese National Dollars.

So little did the Canadian Companies think of the present Chinese Currency as a means of protecting the wives and families of their insured that they are offering special terms for converting these policies into Hongkong Dollars or Sterling, or for surrendering them as valueless.

CNS Rumours & Views

The reform of the Chinese currency has been recently discussed at length by the officials of the various Government and commercial banks, by the press in Shanghai and by the public at large; such periodic discussions have, however, not led to any conclusions except that the majority of informed bankers, brokers and officials holds that no change of currency system or for that matter any change at all shall be attempted. Let inflation run its course and do not tamper with present financial policy of the Government, appears to be the summing up of financial circles in Shanghai.

The rumoured introduction of the "Sun" currency has repeatedly led to attacks by the speculation a la hausse and the "Sun" rumour has been exploited to the full. Dr. Chi Chao-tung, the head of Central Bank's Economic Research Bureau, has given a clear account why for the moment no change in the currency of China can and shall be contemplated. Dr. Chi pointed out that before currency stabilisation can be attempted—and the introduction of a new currency would make sense only if such currency would possess the character of stability—the household of China must be changed in its entirety. The balancing of the country's revenue and expenditure and suspension of bank note printing are the immediate prerequisites for a monetary reform and the introduction of the issue of a new currency.

A new currency could only command the public's confidence if Government can be assured of a regular national revenue. Before the introduction of the "Sun" currency, Dr. Chi opined, the following factors are indispensable:

- (1) Production increase; (2) Revenue increase; (3) Curtailment of expenditure to a large extent; (4) Prevention of credit inflation with the exception of loans for production purposes.

The vernacular economic dailies and periodicals take a rather pessimistic view with regard to the future of CNS. The basic facts cannot be altered for the present. It is inconceivable now a currency can be stabilised if the printing press of the Central Bank is the most important source of revenue for Government's expenditure. The best which can be achieved, and is being hoped for, is that prices can be held for longer periods than has been the case since the end of war. The Shanghai "Economics Weekly" seems to believe that by strict foreign trade control the value of CNS can be maintained at least for a protracted period. A suggestion to help in the stabilisation of the Chinese dollar, advanced by this journal, states: "If the Govt. takes the money out of the people's pockets by means of taxation, contributions and national bonds, the total amount of notes issued will remain stable and commodity prices will not be affected."

The Chinese press has generally given prominence to opinions voiced by Sir Leslie Boyce, head of the British Trade Mission now in China. Sir Leslie emphasised always that the Chinese inflation makes trading between China and other countries extremely difficult and that only a stable, new currency would lead to regular trade relations. "Tu Kung Pao" reported Sir Leslie as stating the following with regard to inflation in China:

"The costs of labor and transportation are too high so that imported goods become even cheaper than home-made ones. Inflation is ever mounting so that investment is impossible. If Chinese industries are to develop on the same trend, no one will be willing to invest today or in the future. When one invests a pound, that pound devalues day by day. Moreover, even if there should be any profit derived from that investment, one will be unable to remit the money home and so it will benefit England nothing. So long as the 'trade license' system remains in force, international trade cannot be developed."

Chinese Agriculture & Forestry

The Chinese-American Agricultural Mission, headed by Dr. C. E. Hutchison, concluded its eleven weeks research by a report to Nanking and Washington which issues into the following seven recommendations:

1. That an integrated program of agricultural instruction, research and execution be developed by the Ministry of Agriculture and Forestry and the Ministry of Education working together, which would cooperate through the establishment of six central research bureaus located in the capital, nine strong regional centres situated in the main agricultural areas of the country and appropriate agencies of provinces and hsien.
2. That action be taken to provide more adequate foreign credit and at a lower cost.
3. That the establishment of a single Government-sponsored bank to supply agricultural credit needs be formed immediately, and that it should be known as the Bank of Agriculture.
4. That a national agricultural administration be established in the Ministry of Agriculture to force standardisation of market regulations as well as govern agricultural products.
5. That the Government give serious consideration to ways of solving the problems created by the pressure of population on the relatively limited agricultural possibilities of the nation.
6. That Government emphasis be placed on the use and production of chemical fertilizers to increase agricultural output and solve the problem of rice shortage, and also on the development of irrigation, improvement in the production of fruits, vegetables and livestock and extension of afforestation.
7. That definite measures be instituted immediately to encourage the export of important agricultural commodities now seriously restricted through the present foreign exchange rate and the high cost of inland transportation and credit.

Developments in the Philippine Islands

(By a Special Correspondent in Manila)

(Part One)

General conditions in the Islands of Panay, Negros and Cebu can be said to be improving, slowly but surely, and particularly is this the case in regard to the principal food crops—rice and maize—the prices for which are 20% to 25% lower than in Luzon and likely to decline still further as a result of the bumper rice crops that will be harvested in Panay and Negros. In the latter island it is estimated that the coming rice crop will be three times the size of the last one, thus ensuring ample food for the people there, with the possibility of an exportable surplus, which will obviate a continuance of large importations from Panay and Luzon.

An adequate supply of local rice should stabilize the labour situation, for it has become the custom to pay field workers partly with rice grown in the sections of the sugar haciendas now used for that purpose. Under existing conditions, agricultural labourers seem to be quite satisfied with 50 centavos plus 1 ganta (3 litres) of rice per day for themselves and their families. As the rice is the landowner's rent for the use of his paddy fields and usually costs him practically nothing in cash, the work on the cane seed areas is being done quite economically. Rice land is farmed on a crop-sharing basis—generally 70% of the paddy (paddy) for the tenant and 30% for the landowner. The paddy is milled in the same way, the mill-owner being paid in rice, so that the residue available for the landowner costs him very little—merely the handling and transportation charges.

Disturbances

The sporadic disturbances during the past twelve months in some parts of the three Visayan islands visited have been caused principally by hunger and it is expected that they will cease now that the people are able to get adequate quantities of their staple foods. In this connection it is interesting to note that the cost of eggs in the cities Iloilo, Bacolod and Cebu is 30% less than in Manila, while that of meat, fish, poultry and bananas is only half as much as in the capital. The present price of rice in the markets of Panay and Negros averages 15% to 25% less than in Manila but, as stated above, a general decline is expected when the coming crops are harvested.

Labour Problem

Although agricultural labour appears to be satisfied with present condition of employment, the Unions in the ports of Iloilo and Cebu have demanded substantially higher rates of pay for their men, due to the greatly increased cost of living as compared with pre-war days. In Cebu the situation appears to have been kept under control but in Iloilo the large numbers of unemployed provoked difficult situations at times, due to the fact that the men were unable to feed themselves and their families. The Iloilo Unions tried to find employment for substantially the usual number of men working in 1941 on the waterfront and in the adjoining warehouses, in spite of the fact that the work available was little more than one tithe of that done before the

war, due to the paralysis of the sugar industry. The men seemed to think the employing firms should use everyone allocated by the Unions and resented the firms' inability to do so. However, the situation on the Iloilo waterfront has been considerably eased by the recruitment of 957 labourers for work on Manus Island in the Admiralty Group, where they are expected to be employed by the U.S. Navy for at least one year at high rates of pay.

Sugar Production

As the cost of raising future sugar crops is largely dependent on an adequate supply of satisfied and relatively inexpensive labour in the fields (the writer endeavoured to ascertain the consensus of opinion among well-informed people as to the daily wage at which the agricultural labourer is likely to settle down when the cost of rice more nearly approximates the average pre-war level and men are paid entirely in cash.) The present feeling is that P.1.25 to P.1.50 per day will be the general standard, as compared with P.1.00 in 1941, which means an increase of 33% to 40%. The remaining cost of sugar cane production—fertilisers, transportation, fuel for tractors, etc.—may also be 40% higher during the coming five years, so that this basis would seem to be a reasonable figure to take at this time.

It is expected that the cost of replacing planters' work animals and agricultural equipment lost during the Japanese occupation will be ultimately defrayed to a large extent by war damage compensation but even if this does not happen that cost can be considered as capital expenditure which should be spread over a period of five to ten years.

To determine the normal equivalent per picul ex warehouse in the Philippines of a price for centrifugal sugar landed on a refinery wharf in the United States it is necessary to go back to the 1938/39 crop, for after the outbreak of war in Europe (September 1939) freight rates and other charges began to rise. In the first half of 1939, Philippine centrifugal sugar was sold at an average of about 2.85c. (U.S. currency) per lb., landed on refineries' wharves at Atlantic ports, and this figure was equivalent at that time to P.6.70 per picul ex warehouse in the Philippines. On this basis, 4c. landed terms would have been equivalent to P.9.79 here, whereas today it would only represent P.7.84 per picul, due to the much higher rates of freight, insurance and handling charges. However, there is a satisfactory margin of profit between this latter figure and the P.5.60 mentioned above as the estimated cost to the planter of his share of the crop.

Sugar Industry

The Philippine sugar industry as a whole can expect at least 15 to 20 years of prosperity on the basis of the Philippine Trade Act of 1946. Five of these years will be the last of the eight-year free trade period and the remaining 10 to 15 years will be those during which Philippine sugar will be charged import duty on entering the United States,

commencing in 1954 with 5% of the Cuban tariff with an added 5% each succeeding year until the end of 1972. This 5% of the Cuban tariff represents about 10½ centavos per picul, so that nine years hence the planter will obtain for his sugar that amount less than would be the case if the free trade conditions were to continue indefinitely. Nineteen years hence, the duty levied on Philippine sugar entering the United States will be 50% of the Cuban tariff, equivalent to P.1.47 per picul. If sugar prices are maintained in the United States—and there is a very fair chance that this will be the case because of the increased cost of production in the domestic beet and cane industries—efficient planters in the Philippines should be able to continue to work at a profit, even with the price for their product reduced by the P.1.47 U.S. duty equivalent.

There seems to be no doubt that the reorganization of the Philippine sugar industry will have to include a larger share for each planter of the sugar manufactured from his cane, also an opportunity for him to acquire stock of the milling company in his district. A chance of achieving these desirable objectives presents itself in all districts where the factories are so badly damaged that their reconstruction would cost almost as much as the building of an entirely new plant. By combining adjoining cane areas previously served by several centrals a large unit could mill the much bigger volume of cane a great deal more economically than was possible when it was processed in two or more smaller units, and a larger percentage of the sugar could be given to the planters. If the necessary capital can be found, a scheme could no doubt be evolved whereby the factory took 30% of the sugar and the planters 60%, while 10% of the production was sold for planters' account and the proceeds credited to a stock-purchasing sinking fund, so that in the course of time the landowners would eventually acquire the milling company's total assets.

From a national point of view, there is no doubt whatsoever that such a scheme would redound to the economic stability of the country's principal export industry, which provided nearly 50% of the total government revenues in pre-war days.

Destructions

War destruction, while very considerable in the larger cities—particularly in Cebu and to a lesser extent in Iloilo—was not very extensive in a general way with the exception of some of the large sugar factories, but even the worst of these were not as completely destroyed as reports seemed to indicate. It is to be hoped that a large proportion of the losses suffered by property owners will be recoverable from the War Damage Commission and that for this purpose a further large amount will be voted by the United States Congress when it is found that the present figure of \$400,000,000 is quite inadequate for the purpose for which it was allocated.

Lawlessness

Now that the food situation has been improved to a point where it is certain that only an unforeseeable catastrophe can prevent the production of the basic necessities of life in the districts where they are needed, it may be expected that the sporadic lawlessness of the past eighteen months will disappear. There

will no doubt be isolated cases of excesses, committed as a result of the animosities engendered during the Japanese occupation period, but these should become fewer in number as the bulk of the population settles down to regular gainful employment. It is not expected that there will develop in the Visayan islands conditions comparable to those which are to be found in Pampanga and some of the other provinces of Central Luzon and which spring from an historical background quite different from that of Panay, Negros and Cebu, where the bulk of the people have always been industrious, peace-loving and contented with their lot, as long as they were treated fairly by their employers, which on the whole has been the case.

(To be continued)

Stock & Share Business

The market declined further during the past week with a very small turnover. Speculative investors need to be reminded that prices do not go up in a straight line.

Hongkong Banks remained steady with a good turnover from \$1,375 to \$1,400 closing at \$1,380.

Among the Public Utilities China Lights suffered a set back. These shares were done at \$14 a little while back but weakened now to 10½. The announcement that the Company is raising its Capital is an indication that the Colony is returning to normal conditions. For years this concern has led the way in the number of new Capital issues and it is evident that the Company is out to maintain its prewar record.

Hongkong Electrics were done at 32, Telephones 34½, Ferries 67 and Trams at 28½.

Lands & Humphreys eased a little and shares were taken at 84½ and 19.

Wharves & China Providents were on offer in small lots at 145 and 13½ and Dairy Farms were picked up at \$32.

Hotels after dropping below 16 firmed up during the weekend to 16½ at which rate sellers appeared. Realities were marked down to 15 and later improved to 15½.

The announcement that Lane, Crawfords were making an interim distribution of \$2 firmed the market up to \$23 at which a few shares came out. It is not unlikely that the final dividend will be at least the same and one is left wondering why the price remains at \$23. Perhaps the profits are not wholly derived from their usual business.

Although there has been a general setback in prices during the past week buyers have been attracted at the lower levels and there does not appear to be much scrip on offer.

Interviewing a local broker about last week's market conditions we learned that sellers are now more in evidence although only small lots being offered. Buyers are apparently holding off and not anxious to move. In the broker's opinion Hotels are most popular among the Chinese clientele with probably the biggest turnover of all shares and daily good business recorded. Shanghai has been buying some larger parcels during the beginning of last week. Another large transaction involved Bank shares which changed hands at \$1,380 to 1,400.

The money market is rather tight at the moment with the majority of importers tied up with cargoes, some losing considerably and paying comparatively high interest to borrow money in order to take up bills from the banks.

Manila Stock Exchange

Following are stock quotations for Mining shares which were in popular demand in Hongkong in prewar days and for which at present much interest is evidenced.

Quotations as on November 20, 1946: in Philippine Pesos:

Antamok	0.045	0.048
Atok Gold	0.86	0.90
Baguio Gold	0.085	0.10
Batang Buhay	0.006	0.007
Big Wedge	0.89	0.95
I X L	0.12	0.155
Lepanto Cons.	0.23	0.235
Masbate Cons.	0.0725	0.085
Mindanao M.L.	0.54	0.56
San Mauricio	0.29	0.31
Surigao Cons.	0.30	0.32
Balatoc Mines	3.50	
Cons. Mines	0.011	
United Paracale	0.14	
Bacolod Murcia	9.00	

On Nov. 30 about one million shares on the Exchange changed hands valued at about Pesos 24 million.

Hongkong Stock Exchange

Mr. P. A. Waller has acquired a seat at the Hongkong Stock Exchange as from Nov. 1. At a party given last week by Mr. Waller in the trading hall of the Exchange his numerous friends gathered and congratulated him very cordially.

Everybody seemed anxious to see the Moratorium, if not entirely removed, considerably relaxed so that ordinary and regular share business could be commenced without further loss of time.

Messrs. W. T. Stanton, Horace Lo and Lo Yam-man (the latter of Associated China Traders, Ltd.) have entered their application for acquisition of a seat at the Hongkong Stock Exchange.

Shanghai Stock Exchange

Weekly forward trading was introduced on Nov. 14 in the hope to encourage brokers and the speculating public. The high rate of black market interest made profitable transactions impossible; only few strong speculators bought shares for spot delivery and sold for future settlement making usually a 10 per cent. profit which, however, compares unfavourably against the current rate of interest of between 16 to 18 per cent.

The daily turnover of shares on the 100% Chinese share market was about 8 to 15 million on the spot, and about 5 to 7 million on the forward market during November.

Towards the end the month all shares further declined and many cases of bankruptcy were reported. More than a dozen brokers have resigned from the Shanghai Securities Exchange. The leading share of the Chinese market Wing On Textile came down to CN\$470 against \$740 on Oct. 22 and \$584 on Nov. 19. The Government Bond C fell to CN\$1,350 compared to \$2,070 on Oct. 22. Foreign shares were on the whole well maintained although the tendency was weak. The foreign leading share, Ewo Cotton, was around CN\$7,000 at about the end of last month which compares favourably with previous prices of \$8,650 and 6,950 on Oct. 22 and Nov. 19.

The slump in Chinese share prices has been aggravated by sales of shares by the various textile and other share companies. The general decline in business and confused industrial position does not encourage holding of Chinese shares and the speculation a la baisse was quite active in pouncing on the prevailing mood of economic defeatism which has spread in Shanghai.

Exchange Market

Hongkong

The weakness of the Chinese dollar was most marked in the forward market where hardly any transactions were recorded. The general feeling was that the present level of the CN\$ in terms of foreign currencies cannot be maintained for much longer and that feeling was well expressed in the week's closing rate for CN\$ forward business: HK\$82 for CN\$100,000 or CN\$1,220 for one HK dollar. The spot bank note price declined from the week's opening of HK\$113 to HK\$109½ at the end of the week under review (Nov. 25 to 30).

Gold was firm and larger transactions were reported. The week's opening rate stood at \$323 and topped on Saturday \$340, closing at \$324.

US\$ business revived with much demand for drafts the price of which came up to \$5.20 but usually moved around the \$5.10 level for one US\$. Bank note prices were rather stable as will be seen from the prices published elsewhere in this issue.

Shanghai

HK\$ featured during the past week on the exchange markets. The rate came up to CN\$1,000 on one occasion but the closing price was CN\$980 for one HK\$. Further and considerable flight of capital from Shanghai to Hongkong was one of the reasons for the strength of HK dollar.

Gold improves slowly and consistently in spite of large gold sales by Central Bank. On the other hand the Bank also figures as a buyer in the open market so that speculators are rather confused about the policy of the Central Bank. Demand for gold bars as a hedge against inflation is strong and will soon lead to a record quotation of CN\$300,000 per oz.

The American dollar quotation for T.T. or D.D. on New York fluctuated between CN\$5,200 to 5,400. Although the new import licensing regulations ought to bring down the price as less U.S. imports will be permitted to land in China, the trade is not so pessimistic and obviously continues placing orders in U.S. Merchants believe that somehow or other U.S. goods will get to China and therefore exchange will increase in tune with the increase of Chinese bank note inflation.

The gold cross rate stood at about US\$55 per ounce, the sterling cross rate only slightly over US\$3.

The gold cross rate in Hongkong was around US\$51 to 52 per oz. (or US\$64 per tael). Smuggling of gold from here to Canton and other places in China was regarded as profitable in view of higher gold prices prevailing in China.

SHANGHAI LISTED SHARES

A complete list of Ordinary and Preference Shares as quoted on the pre-war Shanghai Stock Exchange is published in this issue. Highest and lowest prices for 1940 and figures for the year's business done in shares are given.

Prices are in Chinese dollars.

While foreign exchange prices prevailing at present in Shanghai are from about 300 to 400 times higher than in 1940, share prices have risen as follows:

taking the year's lowest prices—130 to 480 times,
taking the year's highest prices—50 to 200 times.

For comparison's sake current average quotation of some of the favourites on the unofficial Shanghai share market are given: Metal Industries CN\$2,200; Ewo Cotton CN\$7,000; Ewo Brewery \$1,800; Dockyards \$8,000; Wheelock \$17,000; Shanghai Land \$3,200.

PREFERENCE SHARES

Company	Description	Face Value	No. of Shares		Business Done No. of Pref. Shares	Highest & Lowest 1940	
			Authorised	Issued		H	L
American Asiatic Underwriters Fed. Inc.	8% C	\$100	5,000	5,000	262	120.00	85.00
Caldbeck Macgregor & Co., Ltd.	7% C	\$100	7,500	7,500	320	115.00	75.00
China Finance Corporation, Fed. Inc., U.S.A.	8% C	\$10	100,000	80,000	950	15.00	12.00
Ewo Cotton Mills Ltd.	8% C	\$5	600,000	205,125	150	2.00	2.00
Shanghai Power Co.	6% CR	\$100	10,000	9,000	221	160.00	160.00
Shanghai Tug & Lighter Co., Ltd.	7% C	\$50	10,000	10,000	—	—	—
Shanghai Waterworks Co., Ltd.	7% CR	\$10	100,000	100,000	2,400	15.00	14.50
	6 1/2% CR	\$10	100,000	100,000	7,340	14.20	13.50

C—Cumulative.

CR—Cumulative Redeemable.

ORDINARY SHARES

Company	Financial Year Ends	Face Value of Share	No. of Shares		Dividend 1940	Business Done No. of Shares	Highest & Lowest 1940	
			Authorised	Issued			H	L
American Asiatic Underwriters Fed. Inc.	Dec.	\$10	75,000	75,000	\$1.40	7,431	28.00	5.00
Anglo French Land Investment Co., Ltd. ...	Feb.	\$100	25,000	19,335	\$10.00	100	200.00	200.00
Asia Life Insurance Co. Fed. Inc.	Dec.	U.S.\$5	100,000	40,000	10% for	—	—	—
Assurance Franco Asiatic S.A.		Fcs.100	70,000	70,000	5% for	—	—	—
Auto Palace Co., Ltd.	"	\$ 8	150,000	118,500	\$6.00	11,255	24.00	16.00
Bakerite Co., Fed. Inc. "B"	"	\$10	50,000	49,703	\$1.50 (a)	5,245	24.00	15.50
Caldbeck, Macgregor & Co., Ltd.	"	\$10	200,000	140,000	\$3.50 (b)	13,928	38.00	18.00
Cathay Land Co., Ltd.	"	\$10	500,000	480,374	6% for	38,150	5.10	1.70
Central Properties Ltd.	"	\$10	5,000,000	180,000	\$3.50	138,950	25.25	12.00
Champ Course Francais, French	"	\$20	30,000	30,000	—	30	15.00	15.00
Non French Founders	"	—	—	—	\$4.50 for	—	—	—
China Bond & Shares Co., Fed. Inc., U.S.A.	"	\$10	200,000	100,000	12%	500	12.00	12.00
China Finance Corporation, Fed. Inc., U.S.A.	"	\$ 5	400,000	400,000	\$0.07 (a)	1,511,910	3.60	0.65
China General Omnibus Co., Ltd.	"	\$10	500,000	200,000	\$1.26 for	844,244	37.00	15.00
China Import & Export Lumber Co., Ltd.	Feb.	\$10	500,000	231,803	\$6.50	13,928	81.00	30.00
China Realty Co., Fed. Inc., U.S.A.	Dec.	\$10	1,250,000	1,236,327	\$0.20 (a)	3,471,916	10.90	6.30
Chinese Engineering & Mining Co., Ltd.	June	\$ 1	2,000,000	1,960,000	3%	158,146	84.00	35.50
Chosen Corporation Ltd.	"	\$ 1	750,000	725,000	1/9 for	—	—	—
Culty Dairy Co., Ltd.	Dec.	\$10	40,000	40,000	\$2.50	5,432	44.00	35.00
Ewo Breweries Ltd.	"	\$ 5	4,000,000	1,400,000	\$0.25	1,774,305	8.25	6.50
Ewo Cotton Mills Ltd.	"	\$ 5	2,000,000	1,350,000	\$5.00	6,433,028	82.00	27.00
Ponciere et Immobiliere de Chine	"	\$100	20,000	20,000	\$30.00	605	275.00	275.00
Hall & Holtz Ltd.	Feb.	\$20	28,000	26,342	\$1.00 for	1,532	34.00	25.00
Hongkong & Shanghai Banking Corporation	Dec.	Hk.\$250 (c)	400,000	160,000	£5-0-0	560	1,520.00	975.00
Hongkong & Shanghai Hotels, Ltd.	"	Hk.\$7 1/2	1,500,000	1,193,867	Hk.\$0.50	—	—	—
International Assurance Co. of China Ltd.	"	£0-10/-	933,333	280,000	\$0.30 for	1,024,876	19.70	8.90
International Invest. Trust of China Ltd.	Mar.	\$10	2,000,000	350,000	\$1.50	5,683,798	39.25	8.60
Kelly & Walsh Ltd.	Feb.	\$10	75,000	40,000	\$1.50	—	—	—
Mark L. Moody, Fed. Inc., U.S.A.	Dec.	\$10	100,000	30,000	\$7.20	—	—	—
Metal Industries of China, Ltd.	"	\$ 5	2,000,000	500,000	\$7.00	3,900,210	55.00	17.10
Metropolitan Land Co., Ltd. "A"	Sept.	\$10	500,000	39,800	\$1.40	119,666	15.70	9.00
Metropolitan Land Co., Ltd. "B"	"	\$10	155,018	—	\$1.40	—	15.70	9.00
Millington, Ltd.	Dec.	\$ 4	300,000	110,000	\$0.80	2,095	8.00	6.00
New China Textile Co., Ltd.	"	\$ 5	2,000,000	500,000	\$1.25	2,565,275	9.80	6.10
Office Appliance Co., Ltd.	"	\$8.50	80,000	60,000	\$1.00	—	—	—
Paper Industries Ltd.	"	\$ 5	5,000,000	1,320,000	—	—	—	—
San Sing Properties, Ltd.	Mar.	\$7.00	14,000,000	805,007	\$0.60 for	45,500	10.00	7.50
Shanghai Cotton Manufacturing Co., Ltd.	Apr.	\$50	240,000	240,000	\$10.50	7,859	235.00	154.00
Shanghai Dockyards Ltd.	Sept.	\$10	2,000,000	1,125,000	\$3.00	7,454,687	75.00	19.10
Shai Elec. Constrn. Co., Ltd. (Trams). "B"	Dec.	\$ 1	700,000	670,000	2%	328,640	69.50	40.00
Shai Elec. Constrn. Co., Ltd. (Trams). "R"		\$ 1	700,000	670,000	2%	13,829	54.00	41.25
Shai Expln. & Development Co., Ltd.	"	\$2.50	1,200,000	716,701	\$2.40 (h)	9,922,252	34.00	8.60
Shanghai Gas Co., Ltd. (Old Shares)	"	\$10	700,000	700,000	\$0.80	631,429	37.00	12.30
Shanghai Gas Co., Ltd. (New Shares)	"	\$10	700,000	700,000	\$0.40	—	22.00	15.70
Shanghai and Hongkew Wharf Co., Ltd.	"	\$100	80,000	60,000	\$50.00	8,947	560.00	287.00
Shanghai Land Investment Co., Ltd.	"	\$5 (\$7)	2,383,800	2,386,800	6%	4,007,822	20.75	8.80
Shanghai Loan & Invest. Co., Ltd.	"	\$ 5	700,000	350,000	\$4.00 (i)	3,037,502	41.50	10.40
Shanghai Securities Ltd.	"	\$ 5	1,000,000	925,000	\$0.50	4,423,063	8.50	3.00
Shanghai Telephone Co., Fed. Inc.	"	\$10	2,000,000	1,151,420	\$0.75 (a)	1,644,952	55.00	23.00
Shanghai Waterworks Co., Ltd.	"	£ 20	40,236	40,236	£1-11-2	1,160	1,250.00	800.00
"A"	"	£ 1	359,280	108,505	£0-1/19	1,980	48.00	37.50
"B"	"	£ 1	359,280	250,000	£0-1/36	8,815	50.00	33.00
"C"	"	£ 1	359,280	250,000	£0-1/36	8,815	50.00	33.00
Shanghai Waterworks Fittings Co., Ltd.	"	\$ 1	500,000	301,765	15%	20,478	4.60	1.90
Shanghai Worsteds Mill Ltd.	"	\$ 5	1,000,000	1,000,000	—	684,455	7.35	6.60
Tientsin Land Investment Co., Ltd.	"	\$50	120,000	64,281	19%	—	—	—
Tung Yih Spinning & Weaving Co., Ltd.	"	\$10	400,000	255,000	\$15.00 (d)	170	83.50	80.00
Union Brewery Co., Ltd.	"	\$10	500,000	200,000	\$1.25 for	32,325	11.00	3.50
Union Insurance Society of Canton, Ltd.	"	£ 10 (e)	200,000	135,000	£1-5/-	1,279	520.00	345.00
Union Mobiliere	"	\$20	100,000	100,000	6%	—	—	—
Wheelock & Co., Ltd.	Mar.	\$10	1,000,000	478,488	\$11.00	2,960,262	272.00	38.00
Yangtze Finance Co., Ltd.	Mar.	\$10	2,000,000	517,500	\$3.25	4,901,308	21.25	7.05
Zoong Sing Cotton Mills Ltd.	June	\$10	200,000	150,000	\$15.00 (f)	5,150	75.00	47.00

(a)—Tax Dividend. (b) Includes Bonus of \$1.00. (c) Hk.\$125 paid up. (d) Includes Bonus of \$7.50. (e) £6 paid up.

(f) Includes Bonus of \$7.50. (g) 1st & 2nd. (h) Plus Bonus of 1 New for every 5 Old Shares.

(i) Plus Bonus of 2 New for every 5 Old Shares.

HONGKONG'S PRINCIPAL TRADING PARTNERS

TOTAL VALUES OF IMPORTS & EXPORTS UNDER MAIN GROUPS
BY COUNTRIES FOR THE MONTH OF OCTOBER, 1946.

UNITED KINGDOM		
Articles	Imports	Exports
Building Materials	129,977	—
Chemicals & Drugs	1,049,433	—
Chinese Medicines	26,400	131,264
Dyeing & Tanning	—	—
Materials	774,123	22,736
Foodstuffs & Provi- sions	96,023	22,344
Fuels	31,086	—
Hardware	88,275	—
Liquors, Intoxicating ..	179,879	—
Machinery & Engines ..	59,759	—
Manures	167,051	—
Metals	531,769	—
Nuts & Seeds	—	1,700
Oils & Fats	27,476	55,697
Paints	152,543	—
Paper & Paperware	149,954	—
Piece Goods & Textiles ..	1,134,494	—
Tobacco	989,157	—
Treasure	8,320	3,658,120
Vehicles	622,845	—
Wearing Apparel	99,156	—
Sundries	871,241	564,276
Total	7,179,961	4,456,137

AUSTRALIA		
Articles	Imports	Exports
Animals, Live	48,668	—
Chemicals & Drugs	194,905	13,200
Chinese Medicines	—	11,459
Dyeing & Tanning	4,721	—
Foodstuffs & Provi- sions	1,344,227	10,916
Hardware	64,997	—
Liquors, Intoxicating ..	40,117	11,275
Machinery & Engines ..	11,629	—
Metals	64,371	—
Minerals & Ores	—	13,300
Nuts & Seeds	822	—
Oils & Fats	54,241	75,810
Paints	888	—
Paper & Paperware	41,338	—
Piece Goods & Textiles ..	1,277,368	8,440
Vehicles	15,462	—
Wearing Apparel	121,036	—
Sundries	718,252	210,419
Total	4,002,220	355,641

CANADA		
Articles	Imports	Exports
Chemicals & Drugs	60,616	—
Chinese Medicines	8,109	17,258
Foodstuffs & Provi- sions	118,221	48,482
Hardware	6,000	—
Liquors, Intoxicating ..	34,268	—
Metals	57,347	—
Nuts & Seeds	—	764
Oils & Fats	50,236	—
Paints	10,862	—
Paper & Paperware	172,345	295
Piece Goods & Textiles ..	14,078	—
Tobacco	47,080	—
Vehicles	231,450	—
Wearing Apparel	21,611	6,605
Sundries	69,590	28,258
Total	901,763	101,662

INDIA		
Articles	Imports	Exports
Chemicals & Drugs	43,150	19,782
Chinese Medicines	258,900	456,608
Dyeing & Tanning	—	—
Materials	24,403	—
Foodstuffs & Provi- sions	181,290	76,020
Hardware	—	18,750
Metals	—	272,943
Nuts & Seeds	—	680
Oils & Fats	1,870	6,675
Piece Goods & Textiles ..	342,768	728,236
Tobacco	260	—
Treasure	—	1,370,000
Wearing Apparel	1,750	—
Sundries	1,500,015	653,714
Total	2,353,856	3,603,408

MALAYA (BRITISH)		
Articles	Imports	Exports
Animals, Live	—	—
Building Materials	55,200	—
Chemicals & Drugs	77,650	98,085
Chinese Medicines	149,867	892,582
Dyeing & Tanning	—	—
Materials	174,460	3,000
Foodstuffs & Provi- sions	1,014,095	3,221,644
Fuels	176,430	108
Hardware	—	151,554
Liquors, Intoxicating ..	—	322,522
Manures	—	1,520
Metals	166,530	144,920
Nuts & Seeds	—	80,275
Oils & Fats	1,594,073	85,887
Paints	—	99,087
Paper & Paperware	97,810	328,050
Piece Goods & Textiles ..	—	7,263,394
Wearing Apparel	—	886,559
Sundries	4,759,878	1,978,204
Total	8,265,993	15,557,331

U.S.A.		
Articles	Imports	Exports
Building Materials	151,373	—
Chemicals & Drugs	776,623	—
Chinese Medicines	249,294	1,047,740
Dyeing & Tanning	—	—
Materials	169,324	65,520
Foodstuffs & Provi- sions	1,025,049	1,775,645
Hardware	201,701	22,044
Liquors, Intoxicating ..	206,342	96,292
Machinery & Engines ..	195,525	—
Manures	3,500	—
Metals	1,877,710	—
Nuts & Seeds	1,541	342,043
Oils & Fats	3,818,386	2,737,329
Paints	120,602	—
Paper & Paperware	2,113,791	25,310
Piece Goods & Textiles ..	812,311	124,077
Tobacco	2,763,444	16,084
Treasure	3,521,000	—
Vehicles	1,044,269	—
Wearing Apparel	523,990	—
Sundries	2,889,486	4,573,379
Total	22,495,261	10,825,463

CHINA, NORTH		
Articles	Imports	Exports
Building Materials	1,200	463,678
Chemicals & Drugs	260,145	705,145
Chinese Medicines	1,918,960	187,937
Dyeing & Tanning	—	1,509,495
Materials	—	—
Foodstuffs & Provi- sions	2,232,490	1,576,831
Fuels	—	20,000
Hardware	87,763	542,278
Liquors, Intoxicating ..	151,240	5,688
Machinery & Engines ..	19,500	41,781
Manures	—	2,900
Metals	4,550	1,608,109
Nuts & Seeds	169,980	42,550
Oils & Fats	59,125	959,946
Paints	4,700	18,420
Paper & Paperware	69,456	253,626
Piece Goods & Textiles ..	2,526,874	1,352,081
Tobacco	—	85,947
Vehicles	14,662	172,526
Wearing Apparel	207,074	61,684
Sundries	928,342	5,077,445
Total	8,716,061	14,688,067

CHINA, MIDDLE		
Articles	Imports	Exports
Animals, Live	86,800	—
Building Materials	27,065	10,453
Chemicals & Drugs	48,961	151,910
Chinese Medicines	36,891	234,157
Dyeing & Tanning	—	—
Materials	—	120,717
Foodstuffs & Provi- sions	1,248,031	709,618
Fuels	13,910	—
Hardware	5,040	5,087
Liquors, Intoxicating ..	10,820	7,849
Manures	—	553,017
Metals	44,520	141,929
Nuts & Seeds	36,020	25,520
Oils & Fats	263,515	3,975,107
Paints	—	89,290
Paper & Paperware	276,595	183,089
Piece Goods & Textiles ..	69,616	563,172
Vehicles	—	15,089
Wearing Apparel	40,503	246,974
Sundries	446,366	747,443
Total	2,654,653	7,780,421

CHINA, SOUTH		
Articles	Imports	Exports
Animals, Live	2,834,150	—
Building Materials	705,443	310,627
Chemicals & Drugs	4,000	786,654
Chinese Medicines	1,230,658	87,793
Dyeing & Tanning	—	—
Materials	85,371	377,467
Foodstuffs & Provi- sions	2,768,669	721,935
Fuels	929,072	18,495
Hardware	70,059	103,208
Liquors, Intoxicating ..	1,065	—
Machinery & Engines ..	15,160	120,160
Manures	—	82,916
Metals	5,239,553	1,771,937
Minerals & Ores	78,000	3,224
Nuts & Seeds	124,779	38,893
Oils & Fats	3,497,251	6,436,440
Paints	14,164	68,630
Paper & Paperware	344,379	1,869,515
Piece Goods & Textiles ..	1,352,450	1,469,518
Vehicles	—	75,802
Wearing Apparel	8,000	48,453
Sundries	2,247,876	2,112,416
Total	21,550,099	16,502,083

KWONG CHOW WAN		
Articles	Imports	Exports
Animals, Live	379,710	—
Chemicals & Drugs	—	26,626
Chinese Medicines	37,094	12,357
Dyeing & Tanning	—	—
Materials	—	10,470
Foodstuffs & Provi- sions	56,716	13,493
Hardware	—	1,960
Metals	—	10,016
Nuts & Seeds	12,799	290
Oils & Fats	140,839	407,005
Paper & Paperware	—	12,798
Piece Goods & Textiles ..	25,300	103,645
Wearing Apparel	—	4,500
Sundries	215,843	37,883
Total	868,301	641,043

MACAO		
Articles	Imports	Exports
Animals, Live	145,400	—
Building Materials	15,644	7,157
Chemicals & Drugs	2,400	119,228
Chinese Medicines	157,110	20,538
Dyeing & Tanning	—	—
Materials	9,265	32,255
Foodstuffs & Provi- sions	1,650,321	628,838
Fuels	116,149	—
Hardware	—	9,989
Liquors, Intoxicating ..	290,552	183,173
Machinery & Engines ..	3,360	24,650
Manures	—	14,587
Metals	54,725	42,254
Minerals & Ores	—	12,125
Nuts & Seeds	21,554	111,233
Oils & Fats	36,898	186,452
Paints	4,824	24,542
Paper & Paperware	15,698	151,274
Piece Goods & Textiles ..	2,472,489	43,809
Tobacco	27,430	435,979
Vehicles	—	48,938
Wearing Apparel	93,735	146,678
Sundries	1,882,820	584,283
Total	6,999,874	2,827,891

PHILIPPINE ISLANDS

Articles	Imports \$	Exports \$
Chemicals & Drugs ...	000	2,535
Chinese Medicines ...	—	39,369
Foodstuffs & Provisions	228,155	1,061,250
Hardware ...	91,060	271,680
Metals ...	1,521,000	42,460
Nuts & Seeds ...	—	87,231
Oils & Fats ...	—	5,500
Paper & Paperware ...	96,045	1,855
Piece Goods & Textiles	59,132	28,200
Tobacco ...	121,002	—
Vehicles ...	30,200	—
Wearing Apparel ...	10,462	46,684
Sundries ...	633,529	376,560
Total	2,791,185	1,963,324

SIAM

Articles	Imports \$	Exports \$
Building Materials	405,808	—
Chemicals & Drugs ...	—	164,451
Chinese Medicines ...	165,826	126,107
Dyeing & Tanning Materials	25,740	49,890
Foodstuffs & Provisions	1,163,155	763,540
Hardware ...	—	59,431
Liquors, Intoxicating ..	—	9,040
Machinery & Engines ..	—	13,200
Manures ...	7,500	—
Metals ...	—	159,980
Nuts & Seeds ...	410,449	30,054
Oils & Fats ...	242,782	135,280
Paints ...	—	118,534
Paper & Paperware ...	—	553,070
Piece Goods & Textiles	—	1,794,859
Wearing Apparel ...	—	479,139
Sundries ...	680,965	1,117,181
Total	3,102,225	5,591,776

BELGIUM

Articles	Imports \$	Exports \$
Building Materials	569,341	—
Chemicals & Drugs ...	100,040	—
Metals ...	1,107,961	40,745
Nuts & Seeds ...	—	5,004
Oils & Fats ...	—	210,682
Paints ...	38,615	—
Paper & Paperware ...	370,087	—
Piece Goods & Textiles	18,106	—
Sundries ...	108,671	55,324
Total	2,313,121	311,755

FRANCE

Articles	Imports \$	Exports \$
Chinese Medicines	—	800
Liquors, Intoxicating ..	79,009	—
Minerals & Ores ...	—	29,000
Nuts & Seeds ...	—	2,000
Oils & Fats ...	—	543,450
Paper & Paperware ...	13,125	—
Piece Goods & Textiles	4,681	128,580
Sundries ...	88,337	—
Total	185,152	703,830

FRENCH INDO CHINA

Articles	Imports \$	Exports \$
Animals, Live ...	2,500	—
Building Materials ...	19,772	—
Chemicals & Drugs ...	22,496	174,087
Chinese Medicines ...	1,078,609	245,161
Dyeing & Tanning Materials	89,405	72,694
Foodstuffs & Provisions	3,013,992	724,219
Fuels ...	358,880	—
Hardware ...	3,766	5,080
Liquors, Intoxicating ..	4,800	9,999
Machinery & Engines ..	—	13,910
Manures ...	4,510	—
Metals ...	306,930	35,112
Nuts & Seeds ...	793,622	4,617
Oils & Fats ...	951,122	30,150
Paints ...	80,955	28,388
Paper & Paperware ...	800	1,125,151
Piece Goods & Textiles	—	677,098
Tobacco ...	—	265,780
Wearing Apparel ...	18,670	19,099
Sundries ...	785,737	738,438
Total	7,536,366	4,168,953

Revolutionary Land Reform Demands by Leftwing Kuomintang

(By A Correspondent)

Under the impact of civil war and the popular appeal of Communist agrarian reform, the National Govt. has made public a number of schemes to meet the country's demand for redistribution of land. The conciliatory and left sector of Kuomintang has advanced several plans which have so far not succeeded with the Generalissimo as his decisions appear to be influenced by the right wing of the Party of the State. There is much discussion of KMT agrarian reform proposals and the "China Land Society", under the chairmanship of Economics Vice-Minister Hsiao Cheng, has become the most articulate group in demanding that Govt. act immediately.

The requests made recently by the Society have caused much excitement among the leaders of KMT, and a more pronounced split inside the Party can be expected as the more progressive Party men are clashing with the die-hard, feudalistic landowners and their financiers.

The demands and proposals for a speedy land reform put forward by the left wing of KMT can be summarised as follows:

Any land reform must be guided by Dr. Sun Yat-sen's principle of "every tiller owning his land". The steps of its realization should be:

The requisite condition for any transfer of land (buying and selling of land, a gift, or an inheritance) is that the transferee (the buyer, the receiver of the gift or inheritance) must himself till the land thus obtained. Otherwise the Government or other peasants wishing to till the land should be given priority in connection with its purchase. Loans for land purchases may be obtained from agrarian banks.

The Government shall, in accordance with the Land Law, and dividing the country into a certain number of districts, requisition land that is not tilled by the owner. Payment for land thus taken over should be covered by land loan certificates, issued by agrarian financial institutions.

Since the currency value cannot yet be stabilised, payments for land may be calculated in terms of local farm products.

The land thus requisitioned should be re-organised and divided into standard farms. The peasant originally working this land shall enjoy priority in being accorded the right to till it. Otherwise, it will go to other peasants who will till the land themselves.

The tiller of the land shall pay for the land in 15-year or 20-year instalments in farm produce. After the completion of the payments, the tiller shall obtain full and complete ownership rights.

All lands requisitioned by the Government and distributed to peasants for tilling should be managed under Co-operative Farms, wherever possible. The Government should request the Farmer's Bank to give such Co-operative Farms technical guidance and the necessary capital for agricultural improvements.

For all lands not yet requisitioned and re-distributed by the Government, the rental paid by the peasant shall be in accordance with the Land Law at the standard rate of 8% of the value of the land or 37.5% of the farm produce. Any contracted rental exceeding this rate shall be corrected.

After the land adjustment all farms should be organized for Co-operative Farm management. The Government should request the Farmer's Bank to give technical guidance and financial aid in effecting agricultural improvements.

In the process of land reform, there should be a simultaneous achievement of "hsien" and county self-government. Such self-governing organizations should be charged with the carrying out and supervision of the task of land reform. In other words, actual participation in politics by farmers should be achieved at the same time as land reform. Land reform must become the basis for the achievement of national unification and democracy in China.

Anglo-Chinese Friendship in Yen'an Bumper Crops in the North

(From a Correspondent in Yen'an)

Lady Cripps, President of the British United aid to China, attended a dinner given in her honour by Lin Tzu-han and Li Ting-ming, chairman and vice chairman respectively of the Border Region Government, on the night of her arrival in Yen'an. Over 20 prominent members of all circles in Yen'an attended the dinner. Lady Cripps visited the Northwest Medical College on the same afternoon of her arrival.

Chairman Lin Tzu-han at the dinner party welcomed Lady Cripps, leader of the aid China movement in Great Britain, on behalf of 140,000,000 population in the border region.

A special commentary entitled "Welcome Lady Cripps to Yen'an" of the Emancipation Daily, central organ of the Chinese Communist Party in Yen'an, entertained warm welcome to Lady Cripps as a friend of the Chinese people.

The Commentary said "We fully esteem the great traditional friendship between the British and Chinese peoples and will continue to strive for further strengthening of this friendship. We sincerely hope that the visit of Lady Cripps to Yen'an will enable her to understand more clearly the real face of the new China and promote further growth and consolidation of the Sino-British friendship. We also hope that her visit to Yen'an will enable her to advance more strongly the common cause of the two great nations, China and Great Britain, for world peace and democracy."

Excellent Harvests

Except for some flooded low-lying areas in the plains of Shantung, most of the liberated areas in Shantung, Hopei, Shansi, Chahar, North Honan and North Kiangsu reported harvested summer crops which were more than last year. The bumper summer crops in some areas were two-fold that of last year. Even high lands of Central Shansi suffering from early frost produced summer crops more than last year.

Kaoliang, peanuts, grain, sweet potatoes, yellow bean crops in Shantung this summer were reported to be more than last year. Summer crops are the main crop of the year for North China, while wheat crops being the main crop planted in autumn and harvested in spring. The best autumn crops were reported in many areas of North Kiangsu except for certain areas flooded by the breaching of river dykes due to heavy rains and KMT damming of river outlets. Irrigation works, dredging and dyke repairs conducted by the local democratic governments kept rising rivers back in most areas.

Farmers, who got land as a result of the agrarian reform movement this year, reaped their own harvests for the first time in many generations. The land reform—the reduction of rent and interest, the reclamation of lands through irrigation projects and the opening of waste land, have provided peasant families with surplus grain this year. Many villages report that families on average reaped crops enough for one and one third to one and a half year through a year's cultivation. Many of those peasant families used to live on grain for half year and grain substitutes such as grain husk, edible wild vegetables, tree leaves and etc for the remaining half year.

The cotton harvest in nine counties of West Hopei also promises bumper crops. Nearly 8,000,000 catties of cotton are expected to be harvested in this area. The local democratic government is planning to issue low interest grain loans to aid peasant families spinning and weaving. Bumper cotton crops were also reported in the Shansi - Hopei - Shantung - Honan Border Region. This will greatly solve the clothing problem in this winter and next year.

Financial Notes

Mr. David Keswick

Touring the Far East on behalf of Messrs. Samuel Montague & Co., of which he is a partner, Mr. David Keswick has arrived in Hongkong. He is the eldest of the three Keswick brothers, but is not connected with Jardine, Matheson & Co.

Mr. A. E. Schumacher

Mr. Schumacher has arrived in the Colony in order to survey local economic conditions. One of the senior American bankers in the Far East, Mr. Schumacher has been for many years managing the Chase Bank in Shanghai but is now Vice-President of the Bank in New York in charge of Far Eastern affairs. He is accompanied by the Chase Bank's second Vice-President for Far Eastern affairs, Mr. J. A. Jacobson. The local problems of exchange control and American business interests generally have been discussed by the two prominent bankers in a series of conferences with local officials, financial experts and business men.

Gold Imports

The Chinese Government has imported gold from the U.S. to the value of CN\$28,110 million. This American gold bullion was shipped to Shanghai during the months of January to August. No gold arrived in September. Since China bought in U.S. at the official rate of exchange which prevailed before Aug. 19, viz. CN\$2,020 for US\$1, and at the official gold sales price of the U.S. Treasury of US\$35 per oz. the quantity involved has been approx. 400,000 ozs. (troy).

Central Bank sales of gold in the open market and to Shanghai goldsmiths have fluctuated very much but on the whole sales prior to Aug. 19 (devaluation of CN\$) were not very high. During the latter part of August, two weeks in September, and several days in October sales were erratic, some days sales shooting up to 10,000 and more ounces. The usual weekly average has been around 9,000 ozs. In November gold sales of Central Bank were again stepped up and the total sales for the last month are estimated at about 150,000 to 180,000 ozs. It appears that practically all gold purchased by Central Bank in U.S. has been sold on the open market. It is supposed that further shipments of gold are to arrive in Shanghai in order to bolster the depleted stocks of the Bank.

Gold in Hongkong

The rumours persist which have been recorded in these pages previously, viz. that gold imports from U.S. and Mexico will be resumed but only on a token basis. A small quantity of gold may be allowed for importation by Dept. Supplies, Trade and Industry upon recommendation by Financial Secretary. The quota to be given, according to rumour, will be sufficiently small so as not to press on the open market US\$ rate. Gold imports will bring down the present high price which was maintained in recent weeks around the HK\$320 level (per tael). It remains for a judicious control to balance the amount of open funds US\$ to be consumed for gold purchases in America with the surplus funds available in U.S. mostly derived from overseas Chinese remittance sources. While it is, of course, desirable to keep the gold imports in the Colony where they would exert a very beneficial effect on gold and general commodity prices, it is obvious that higher gold quotations in China will draw away every ounce of gold until prices here and in China have been equalised.

It will be necessary to import gold continually which ought not to be very difficult seeing that overseas funds are increasing every month. A certain percentage of these remittances can be regularly made available for gold purchases in America although only to such degree as not to encourage higher rates for US\$ drafts or bank notes on the local open market. If any evidence can be obtained that future gold purchases in U.S. will tend to increase the unofficial US\$ rate, imports would have to cease forthwith. Local interest in the gold import business is considerable as gold purchases from America have so far formed a welcome source for profit making.

Platinum

The pressure of Soviet platinum sales has led all over the world to a depression of prices. Local dealers paid last week less than HK\$380 per oz. troy and the feeling is that prices will further slump. During the war platinum rose on Far Eastern markets under Japanese occupation to 4 to 7 times the gold quotation. In Shanghai during part of 1944 platinum quoted from 6 to 10 times gold. Japan needed for her industries platinum and paid almost any price asked.

In America during the war gold and platinum prices kept in line, and in America the wartime price of both metals was \$35 an ounce. During August, 1946, the American "official" price rose from \$67 per troy ounce to \$80, and by September the price of \$83 was well below actual selling quotations of about \$90. Whether or not consumers in U.S. will now obtain governmental release of metal in surplus war plants may affect the course of quotations. The free market price in America has slumped to about \$70 as a result of sales on a market where the usual seasonal support for the Christmas trade seems to have ceased.

Yunnan and Szechuan Trade Notes

Exports of wolfram ore, antimony, tin, mercury and small lots of silver and gold are carried on by private merchants in spite of Government monopoly control. Some influential members of the Provincial Govt. and higher officers in the Army can always manage to satisfy foreign requirements although available quantities of esp. mercury and antimony have dwindled of late and the only source of larger supplies is the National Resources Commission. Two of the most active banks in Szechuan and Yunnan, the Szechuan Salt & Industry Bank and the Commercial Bank of Kunming, are encouraging commercial export business but quantities available are discouraging. Bristles (black, raw and refined) and tung oil (raw or refined) are in demand but if supplies come forward in what may be considered sufficient amounts prices are not competitive and business cannot be concluded. There was some 85% and over, and 99% Yunnan tin sold to representatives of Hongkong firms but due to enormous transportation costs, including fees which have to be paid to various officials for their permission to allow the movement of cargo, profits cannot be made.

Central and Provincial authorities work at cross purposes and there is no unified control of anything; with sufficiently good and reliable connections imports and exports are free subject only to the high cost of production, the demands of a greedy and partly impoverished officialdom reinforced by an underpaid military. Yunnan obtains its supplies of many foreign goods often via Rangoon and thence by truck over the Burma road. It appears that Customs officers are either not posted there or are amenable to considerations of trade promotion for China's and their own sake.

The Kunming Chamber of Commerce takes a very lively interest in development of trade and tries its best to accommodate foreign merchants. The innumerable controls and Nanking Govt. regulations are looked upon with much disfavour and are only adhered to when the well-being of the Province is not seriously impeded by the new rules. The import licensing system of the Central Govt. is not yet fully understood and one will have to wait for proofs of the operation of this form of control. It should, of course, not be forgotten that much of the imports coming to Szechuan and Yunnan, and to a small extent also to the Province of Sikkim, do not pass Customs inspection or at least not in the ordinary sense of this word. About one half of the imports arriving in Chungking or Kunming have not been recorded by Customs. The new system of import quotas and licenses will probably lead, if imports are curtailed by Nanking, to much heavier "unrecorded" inflow of goods to the interior.

Surpluses of the U.S. Army in the two provinces are partly exported in order to obtain exchange to pay for imports. Certain technical equipment for which there appears to be not much use in Chungking or Kunming but for which a fair price can be obtained outside China are shipped away. The exact legal position of such U.S. surpluses is unclear as the buyers abroad do not bother as long as delivery can be made. It appears that a number of officials are free to sell a certain number of U.S. surplus articles to the public while

export may require a Govt. permit. As nobody is actually anxious to obtain permits if not in absolutely inevitable cases, U.S. surplus materials have been shipped out without much ado.

The development of light and power industries although very urgent in the backward interior provinces is making only very slow progress except in blueprints. All plants and electrical equipment have been commandeered by the Central authorities who have instructed the National Natural Resources Commission to control the purchase of equipment for electrical industries. The power production of the Kwang Ho Electrical & Power Co., Kunming, and the Kunming Power Co. is considered absolutely inadequate to meet the requirements of the population; industrial production cannot develop under present conditions. (The Kunming Power Co. operates 3 turbine engines with an output of 4,000 kw; and another plant outside the city is yielding 2,000 kw. Several outlying towns are supplied with power from Kunming). All hopes for industrial production seem to be focussed on the ambitious Ichang Dam plan. When this project will ever reach a final blueprint stage remains to be seen. Meanwhile increased power output and industrial production will have to wait.

Aviation Reports

U.S. Commercial Aviation Agreement with Philippines

On Nov. 18 a commercial aviation agreement between U.S. and the Philippine Govt. was signed providing for reciprocal landing rights in U.S. and Philippine Republic respectively.

Other U.S. Commercial Aviation Agreements

Beginning of November an agreement was signed with the Indian Govt. Agreements with Iraq and Siam are under negotiation and expected to be signed very soon. Commercial air operations into and via Japan are under consideration by SCAP, Tokyo.

The three American air lines expected to commence trans-Pacific air routes are: Pan-American, North West and Trans-World.

U.S. Aviation Agreement with China

The draft for an agreement was signed on Nov. 30 in Nanking providing for reciprocal transit and non traffic stops in U.S. and China respectively. U.S. planes will be permitted to land at Shanghai, Tientsin, and Canton, and Chinese planes will be allowed to land at San Francisco, Honolulu and New York. Passenger, air freight and mail services will be conducted. There will be 3 American lines (North West, Pan-American, Trans-World) and 2 Chinese (CNAC, CATC) engaged in trans-Pacific flights.

Shanghai Civil Aerodrome

The Lungghwa air field used by CNAC and CATC is regarded as almost unserviceable for larger American aircraft like Skymasters not to mention the super-types which are said to be used by the trans-Pacific U.S. air lines. Lungghwa has only two runways of which one measures about 6,500 feet. They are macadam reinforced but the condition of the strips is very rutted. Cost of rebuilding one strip will require about US\$ 1 million. After re-building of this airstrip U.S. planes of the type used by the three U.S. trans-Pacific air lines can be accommodated. There is much haggling and indecision about this question in Shanghai and until end of last week nothing has been done in Lungghwa.

CNAC is negotiating for purchase of several C 64's, and CATC will buy for its trans-Pacific cruises two Boeing Stratocruisers (the offshoots of the B 29 bomber).

Cathay Pacific Airways Ltd.

This British air line, incorporated in Hongkong on Sept. 24, with a capital of HK\$ 6 million, has started with its scheduled flights; chartered flights have been conducted for several months past. The majority of the company's schedules as per list below, will be inaugurated during the earlier part of December. The Macao service is pending upon completion of the airport in the Portuguese Colony. Directors of the C.P.A. are Messrs. Roy Farrell and S. H. de Kintrow. Local agent for the Manila run are Messrs. P. J. Lobo Co., Ltd.

Following are fares for passengers and freight for C.P.A. scheduled and charter flights:

Hong Kong To:	Single Fares	Freight per lb.
Macao	H.K.\$ 40	H.K.\$.40
Rangoon*	688	3.40
Bangkok	828	2.60
Singapore	880	4.40
Manila	600	3.00
Sydney	2,200	11.00
London*	2,720	13.50
Phanghai	1,550	11.00
Auckland*	2,600	13.00
Manila To:		
Hong Kong	H.K.\$ 600	H.K.\$ 3.00
Sydney	1,600	8.00

* Charter trips only.

Trans-Asiatic Airlines, Inc.

This American aviation company, incorporated in Manila, operates once to twice weekly flights from Hongkong to Manila and Bangkok. The company does not land in Saigon at present as was erroneously reported in our previous issue. Sleeping accommodation for passengers is made available by the company in all cities where it operates. Local agents for the T.A.A. are Far East Aviation Co. Ltd., and South East Asia Trading Co. (Siam) Ltd.

Chinese Shipping Returns

Vessels entered and cleared for Sept. and first nine months of 1946:

By Ports

(Figures from Amoy and Canton for Sept. not available.)

Port	Sept.		Jan./Sept.	
	No.	tons	No.	tons
Chinwangtao	4	6,255	68	153,137
Tientsin	14	43,967	105	317,040
Tsingtau	12	29,159	72	235,633
Shanghai	170	693,098	1,205	4,502,202
Foochow	11	27,682	46	44,901
Amoy	—	—	89	174,005
Tainan	8	13,321	55	50,406
Swatow	82	69,718	614	301,861
Canton	—	—	5,902	895,103
Lappa	1,061	40,233	4,929	186,650
Nanning	20	780	217	20,094
Luichow	27	12,576	892	69,561
	1,409	936,789	14,195	6,991,433

Vessels entered and cleared for Sept. and first nine months of 1946:

Flags of Vessels

Flag	Sept.		Jan./Sept.	
	No.	tons	No.	tons
American	90	411,716	759	3,107,427
British	87	243,321	935	1,868,913
Chinese (exclud- ing Junks)	805	37,160	7,669	647,159
Chinese Junks	346	26,720	4,426	321,578
Danish	12	57,687	29	136,260
French	2	3,304	6	9,920
Japanese	15	30,516	112	226,561
Netherlands	10	44,323	52	186,809
Norwegian	30	53,012	119	259,540
Panamanian	2	4,865	36	104,497
Philippine	—	—	8	5,560
Swedish	5	15,151	24	68,040
Siamese	3	9,014	18	45,405
U.S.S.R.	3	9,014	18	45,405
Others	—	—	2	8,492
	1,409	936,769	14,195	6,991,433

Duties on Liquor and Tobacco

In order to raise revenue Government had to increase duties on liquor and tobacco. The increase amounts to 100% for liquors, brandies, whiskies, wines, to about 30% for beer; to 100% for Chinese liquors; to 50% for cigarettes; about 40% for tobacco.

Government hopes to derive \$7 million extra revenue from these increases, i.e. 4.4% of the approved expenditures. With the estimated (unofficially) revenue to come from the "Meals & Intoxicating Liquor Tax", enforced as from December 1, about \$20 million, the Colony's budget will be put into better shape.

The increase in duties will be borne partly by importers and dealers and only in few cases by the public. Controlled prices (beer, tobacco) remain unchanged and so will whisky and the more expensive liquors and wines.

In the case of whisky the retail price is \$15 per bottle, and the duty amounts to \$5.20; in other words liquor duty is about one third of the price of whisky or other liquors and brandies.

Cost of Living

Wholesale Price Index in Hongkong

Further improvement of local conditions are reflected in lower price indexes for October against September (compare our issue of Oct. 23, page 10).

The purchasing power of the local dollar has improved as far as foodstuffs, textiles and metals & minerals are concerned. The improvement amounts to almost 7% for foodstuffs, 1½% for textiles and about 5% for metals and minerals. The "miscellaneous" group, particularly on account of a doubling

Groups	1938
Foodstuffs	100
Textiles	100
Metals & Minerals	100
Miscellaneous	100

in the price of hardwood, registers a deterioration against September of about 2%.

Index Numbers of Wholesale Prices in Hongkong

The following index of wholesale prices has been constructed on the basis of declared quantities and c.i.f. values of commodities imported into the Colony: the index numbers are not "weighted"; the year 1938 has been selected as the base period as representing a normal year.

1st ½ year	1st ½ year	3rd Qtr.	October
1941	1943	1946	1946
155.4	768.6	694.1	639.3
138.3	818.8	819.1	546.9
160.2	308.2	268.1	270.6
168.9	718.9	486.1	497.3

As from November 28 revised rates for liquor and tobacco duties came into force (in accordance with Ordinance 36, of 1931, Dutiable Commodities).

As from January 1, 1947 Certificates of Origin will be required in support of all imports of wines and tobacco which the importer claims to be of Empire Origin. Imports not thus substantiated will be charged at non-Empire rates.

Duties on Liquor

On—	Hongkong Origin	Per one gallon	Empire Origin	Other Origin
	\$	\$	\$	\$
Liqueurs, Champagne and other sparkling wines	—	36.00	44.00	—
Brandy	—	32.00	40.00	—
Gin, Whisky and other spirituous liquors ..	32.00	32.00	40.00	—
Port, sherry and madeira	—	20.00	25.00	—
Other still wines	—	16.00	20.00	—
Cider and perry	—	2.00	2.50	—
Concentrated beer in whatever form, whether ale basis, or malt and hops concentrate, or otherwise	1.15	1.50	1.90	—
and in addition, for every degree by which the original gravity exceeds 1045 degrees	0.03	0.04	0.05	—
Other beer, except cider and perry, not exceeding 1055 degrees original gravity and in addition, for every degree by which the original gravity exceeds 1055 degrees	1.00	1.50	1.90	—
Intoxicating liquors in this part above the strength of 22 degrees under proof, for every degree above such strength, in addition to the duties specified above	0.40	0.40	0.50	—
Chinese type liquor, non - intoxicating liquors, spirits of wine arrack	4.00	4.00	5.00	—
and in addition, for every one per cent, by which the alcoholic strength by weight exceeds 25% ..	0.16	0.16	0.20	—

The Superintendent of Imports & Exports Dept. may assess the duty on intoxicating liquors, not specified above, at the rate prescribed for liquor which in his opinion most nearly approximate to the liquor on which duty is to be assessed and he also may in his discretion assess the duty on any quantity of liquor of less than two gallons, imported at any time in one consignment at \$30 per gallon.

Duties on Tobacco

A.—On Unmanufactured Tobacco—

	Per pound
(1) unstripped tobacco containing—	
(a) 10 per cent or more of moisture by weight:	
(i) tobacco of Empire origin	1.95
(ii) other tobacco	2.25
(b) less than 10 per cent of moisture by weight:	
(i) tobacco of Empire origin	1.98
(ii) other tobacco	2.28
(2) stripped tobacco containing—	
(a) 10 per cent or more of moisture by weight:	
(i) tobacco of Empire origin	2.10
(ii) other tobacco	2.40
(b) less than 10 per cent of moisture by weight:	
(i) tobacco of Empire origin	2.25
(ii) other tobacco	2.55

B.—On Manufactured Tobacco—

(1) Cigars—	
(i) of Empire origin and manufacture	4.50
(ii) of Empire manufacture only	5.75
(iii) other cigars	7.00
(2) Cigarettes—	
(i) of Empire origin and manufacture	3.30
(ii) of Empire manufacture only	3.90
(iii) other cigarettes	4.80

The Hong Kong & Kowloon Wharf & Godown Co., Ltd.

At the 55th ordinary yearly shareholders meeting on Nov. 13, Mr. F. A. Pollock, the Chairman, started by mentioning that the Company was incorporated 60 years ago. Turning to the accounts Mr. Pollock said:

The Accounts for the year 1941 show a nett profit of \$801,454. This is \$235,079 less than the previous year, but compares favourably with the average for the ten years 1931 to 1940, which was \$817,029. Included in the earnings is a sum of \$443,217, which is the estimated amount of Sundry Debtors written off as irrecoverable, and charged to War Losses Account. The Profit of \$801,454 has been transferred to Profit and Loss Appropriation Account, and added to the balance carried forward from 1940, giving a total of \$1,216,832 to be carried forward to next account.

Turning to the Balance Sheet, you will see that the Bank Overdraft stands at \$1,747,109.79; this is the figure at which the account stood on 25th December, 1941, and is, of course, at present under moratorium. It is a heavy item, but is explained by the expenditure during the year 1941 of \$4,152,486.11 on necessary rebuilding and development of our properties.

The second part of the Statement of Accounts covers the period 1st January, 1942, to 31st December, 1945. No revenue is shown for this period as we were not operating on our own account. Our property was requisitioned by Government on the outbreak of hostilities in December, 1941; after the surrender of the Japanese it came under the control of the Military Administration, and was still being operated on their behalf on 31st December, 1945. Negotiations are now proceeding for a financial settlement in respect of this period.

The expenditure covers the usual amortisation of land on short term Crown Leases, provision for payments to staff and necessary administrative expenses for the period 1st September to 31st December, 1945. The total expenditure, \$780,053.72, has been debited to Profit and Loss Appropriation Account, leaving a credit balance of \$436,779.12. Your Directors regret that they are unable to recommend the payment of a dividend, and therefore this amount will be carried forward to next year's account.

War Losses

The War Losses Account totals \$5,974,397.27, and as set out is, I think, self-explanatory. This account covers only actual Book Values of total losses, the usual depreciation in value of remaining fixed assets, sundry debtors written off as irrecoverable, and the estimated cost of the necessary rehabilitation of our partially damaged property. The Book Value of the assets totally destroyed and written off was \$620,535.00, but the estimated cost of replacing these assets at to-day's prices is \$10,486,035.00—a large sum—the major items being in round figures:—Buildings—\$2,100,000.00, and Launches and Lighters—\$7,500,000.00. This latter figure, which is about seven times pre-war costs, particularly emphasises the abnormal and uneconomic prices ruling at the present time, and which we trust will gradually

adjust themselves. As a most important unit in the facilities of this Port, I am sure you will agree it is incumbent on this Company to bring its services up to the pre-war standard as speedily as possible, but shareholders may rest assured that your Directors will take every possible step to minimise the necessary capital expenditure. A claim for full Reparations has been lodged with the proper authorities. I hesitate to prophesy when we may expect payment.

On re-occupying our property after the Japanese surrender, we found the godowns, wharves, etc., in a dilapidated and dirty condition, and suffering badly from lack of maintenance.

Damages of Property

In addition to general depreciation, considerable war damage was also found to have been sustained, Lai Chi Kok property being completely destroyed, No. 6 Godown demolished, No. 14 Transit Shed roof had been removed, and only temporarily and inefficiently repaired, No. 25-A Transit Shed completely destroyed, No. 4 Wharf stripped, No. 5 Wharf bomb damaged, and No. 3 Wharf sabotaged at the sea end. Our house and shop property also suffered considerably, Nos. 32/48, Canton Road, and Nos. 1/6, Ashley Road, being beyond repair. As mentioned already, considerable sums have been, and will have to be spent to bring the property into a serviceable condition.

Lighters and Launches

Our Lighter Fleet suffered heavily, and we have to-day only 45 lighters remaining out of our original fleet of 120 lighters. We were fortunate in being able to recover a number of our lighters from Canton, and a number have also been salvaged in local waters. Salvage work is still going on, and we hope we shall retrieve a further number of lighters.

Only two launches were available at the time of the re-occupation of our premises. We have, however, recovered three more from Canton, to which extensive repairs were necessary, as they were in a deplorable condition. A further launch has since been located in Canton, partially submerged, and it was decided to sell her as she lay. Two launches are not accounted for, and negotiations are proceeding in Canton for the return of our largest launch, the "Kowloon."

Rehabilitation

I will now give you an outline of the rehabilitation programme on which your Board has decided to embark. As stated before, our godowns suffered considerable war damage resulting in a serious shortage of space, particularly with regard to steamer cargoes. It has therefore been decided to reconstruct No. 25-A Transit Shed, and re-roof No. 14 Transit Shed. All materials are on order, and the work will be completed as soon as possible. Estimates have been called for the reconstruction of No. 4 Wharf, 'T' Wharf and West Point Wharf, the latter two to be constructed from the salvaged materials from No. 4 Wharf.

Progress

Regarding our general operations, it was not until April this year that commercial cargoes commenced in any quantity and I am pleased to say that during the six months period April/September, we handled 212 vessels, with a total of 316,486 tons of cargo. This influx of commercial cargoes has naturally reflected on our storage facilities, of which full advantage has been taken.

An analysis of the Company's Report will be found in our issue of Nov. 27, page 12.

Position of Hongkong Warehouses

In 1941 when Sir David Owen inspected local harbour facilities he estimated that a total of one million tons of godown space were available; the three leading godown companies possessed among themselves 100,000 tons of space in Hongkong, and 400,000 tons in Kowloon; the rest was owned by a large number of private companies and native firms of Chinese nationality. The Oil companies (Shell, Socony and Texas Oil Co.) owned storage capacity of about 208,000 tons which was suitable for storage of all types of oil products.

The present amount of godown space available, while sufficient for the requirements of Hongkong at the moment, has considerably dwindled due to war actions and looting. The three major godown companies, viz. Hongkong & Kowloon Wharf & Godown Co., Ltd., Alfred Holt & Co. (B. & S. owned), and China Provident Loan & Mortgage Co., Ltd. possess godown capacities of about 130,500, 45,000 and 64,000 tons respectively (for transit and storage), a total of about 239,500 tons.

There are a number of specialist godowns in the Colony such as B.A.T., I.C.I. etc., and a large number of small private godowns, however, for ordinary use only the following warehouse accommodation should be considered:

Godowns (Public Warehouses)

in "units" of 1,000 tons capacity

Type	In use	Destroyed	% Totals destroyed
Transit godowns:			
Ocean-going			
ships ...	48	8	14%
Coastal ships	75	37	33%
Storage godowns:			
Ocean-going			
ships ...	99	2	2%
Coastal ships	85	48	36%
	307	95	24%

Godown space for transit amounts now to about 123,000 tons, and for storage purposes to about 184,000 tons. Godowns located in Kowloon can accommodate 159,000 tons and godowns on the Island (West Point, Kennedy Town) 148,000 tons.

It is estimated that port working will require by beginning of next year the accommodation of about 12,000 tons per day, or 360,000 tons per month. With the expansion of shipping during 1947 re-building of some godown space will be necessary. About 100,000 tons of godown space were destroyed during the war and re-building will probably require an outlay of \$20 millions (based on estimated construction costs of \$170 to \$220 per ton; previous construction costs were only \$60 to \$110 per ton).

Chinese Produce Prices in America

As on November 29, 1946

Cassia Oil, per pound, F.O.B. New York	\$3.35 to 3.75
Aniseed, per pound, F.O.B. New York	1.25 to 1.40
Antimony, American, 99½ percent grade in bulk of carload lots, F.O.B. Texas	0.234

COMPANY NEWS Reports Analysed

China Light & Power Company, Limited

Issued Capital: \$13,196,732 consisting of—

2,400,000 Shares of \$5 each fully paid.
Current price \$10½.

600,000 Shares of \$5 each \$2 called up.
Current price \$7.

Debentures: Nil.

Business: Supplies electric light and power in Kowloon and the New Territories.

Profits: Net Profit for year to 30th September, 1941—\$1,241,000.

Net Profit for 3 months to 31st December, 1941—\$200,000.

Charges accrued from 1st January, 1942 to 31st August, 1945—\$2,957,000, leaving a debit on Profit & Loss A/c. \$1,422,000.

Estimated War Losses and Rehabilitation Expenses—\$5,400,000.

Comparative Earnings Figures:

Year	Net Profit	Earnings	Dividend	Price	Range
	\$	%	%	High	Low
8 mos. to 8/12/41 ...	2,000,000	—	—	6 Dec. \$0.90	—
Year to 30/9/1941 ...	1,241,000	10.4	Nil	9.00	5.75
Year to 30/9/1940 ...	1,100,000	10.0	10	8.50	8.50
Year to 30/9/1939 ...	1,076,000	10.1	10	8.90	8.50
Year to 30/9/1938 ...	1,076,000	10.1	10	12½	10.00
Year to 30/9/1937 ...	968,000	10.8	10	12½	10.00

Balance Sheet: Current Assets \$730,000 against Current Liabilities \$3,520,000. War Losses \$5,400,000 carried forward.

Position: There should be scope for considerable expansion in the Company's activities, but rehabilitation costs are fairly heavy.

Directors: A. Raymond (*Chairman*), A. H. Compton, L. Kadoorie, Hon. M. K. Lo, C.B.E. and H. Kadoorie.

The Canton Insurance Office, Limited

Issued Capital: \$1,000,000 consisting of:—50,000 Shares of \$50 each (\$20 paid up). Current Price \$390 (cum. dividend).

Debentures: Nil.

Business: Insurance throughout the World.

Profits: After payment of Interim Dividend of \$5 for 1940 and transfer of \$2,000,000 to Underwriting Suspense A/c. Surplus on Closed Accounts 1940 to 1944 = \$7,983,000.

Final Dividend of \$5 for 1940 and Dividends of \$10 per annum for each of the years, 1941, 1942, 1943 and 1944, take \$2,250,000. Transfer to Investment & Exchange Fluctuation A/c. \$850,000, and to Underwriting Suspense A/c. \$4,883,000.

Accounts run for 2 years before being closed; balance of profit for 1945: \$2,675,000, and out of this Interim Dividend of \$5 takes \$250,000, the balance of \$2,425,000 being carried forward.

Comparative Earnings Figures:

Year	Profit *	Dividend	Price	Range
	\$	%	High	Low
1944	2,428,000	50	—	—
1943	2,261,000	50	—	—
1942	1,425,000	50	not quoted	—
1941	2,208,000	50	6 Dec. \$250	—
1940	1,914,000	50	\$230	\$200
1939	1,866,000	60	240	200
1938	1,228,000	60	277	200

* Before transfers to Underwriting Suspense A/c. and Investment & Exchange Fluctuation A/c.

Balance Sheet: Very strong position. Current Assets—\$5,674,000 against Current Liabilities—\$3,991,000. Reserves \$11,673,000. Net Assets, including dividend = \$448 per share.

Position: Unlike most Hong Kong Companies, Canton Insurance carried on business outside the Occupied Areas during the Pacific War, and has emerged with its position unimpaired.

Directors: F. A. Pollock (*Chairman*), F. C. Barry, C. Bernard Brown, P. S. Cassidy, D. E. Clark, A. H. Compton, Hon. M. K. Lo, C.B.E., W. A. Stewart and S. T. Williamson.

Indo-China Steam Navigation Co., Ltd.

Dividends to be Paid

Messrs. Jardine, Matheson and Co., Ltd., the General Managers of the Indo-China Steam Navigation Co., Ltd., announced to-day that the Board of Directors have recommended the following appropriations for confirmation at the Sixty-first Annual General Meeting to be held on December 20, 1946:—

To pay a dividend of 6% for the years 1932 to 1945 inclusive on 49,589 Cumulative Preferred Ordinary Shares	£208,273.16.0
To pay a Dividend of 5% on 49,589 Deferred Ordinary Shares	12,397. 5.0
To Transfer to General Reserve	40,000. 0.0
To carry forward unappropriated	18,952.10.9
	£279,623.11.9

The profit for the year ended December 31, 1941, amounted to £202,846.4.3d. and the profit for the period from January 1, 1942, to December 31, 1945, amounted to £71,079.15.0d. After allowing for a carry forward as at January 1, 1941, of £17,559.13.1d. and £11,862.0.7d. in respect of War Losses, there remains the above balance of £279,623.11.9d.

Hongkong Engineering & Construction Co., Ltd.

At the general meeting of shareholders Mr. Lawrence Kadoorie, the Chairman, explained conditions of the Company's estate and workshops as follows:

"Immediately upon the cessation of hostilities Mr. A. V. Savorov, our manager, proceeded from Shamshuipo Camp to the estate. He succeeded in contacting some of the company's former piling coolies and arranged with them to post pickets at both ends of Kadoorie Avenue and on the steps leading from Waterloo Road to the company's property. These pickets were able to prevent further looting and thus saved many of the houses. Of 38 houses on the estate 20 were in good habitable condition and 18 badly

looted. Four houses which were nearing completion in December 1941 were completely demolished.

"In September 1945 the RAF occupied practically the whole of the estate. At present 17 houses are still requisitioned by the Service. The other houses, with one exception been repaired and rented to private tenants.

St. George's Mansions

"St. George's Mansions on Argyle Street were taken over by the British Military Administration in September 1945 and de-requisitioned in January this year. A large number of doors and many fittings had been removed by looters, but otherwise the buildings were in good condition. They were fully occupied by tenants as soon as they were returned to the company by the authorities. Rentals remain the same as in 1941, except in the case of the requisitioned houses where rentals are lower by approximately 10 per cent due to the fact that these houses are not in their prewar condition.

To Kwa Wan Workshop

"The company's workshop at To Kwa Wan came through the war unscathed. It was taken over by the RAF after the liberation and returned to the company about two months ago. During the war the Japanese enclosed the whole area and made of this workshop one of the best in the Colony. A considerable amount of machinery which was collected from other firms by the Japanese and installed in the workshop has since been returned to the rightful owners through the Custodian of Enemy Property.

"The greater part of the Company's plant has been lost, but through the efforts of the staff certain equipment, including piling machines, pneumatic tools, electric vibrators, steel shuttering, been recovered and reconditioned. A claim for losses sustained by the Company during the War has been lodged with the Reparation Claims Office.

"It gives me pleasure to report that during recent months the Company has been awarded several contracts by new and old clients, including some of the leading firms in the Colony.

Pile-Driving.

"The Company has renewed its licence with Messrs. Pieux Franki of Liege for the use of the Franki system of pile-driving. The acquiring of new Franki equipment, as well as other plant and machinery, is under careful consideration. It is the policy of the Board to purchase gradually whatever equipment is considered essential for the increasing volume of constructional work which may be expected as building materials arrive in the Colony in larger quantities."

Retail Price Control

(See previous issues of Oct. 16, p. 15, and Oct. 30, p. 6).

Added items include: FRESH MILK, both from retailer and when consumed on premises. MOTOR BICYCLES (new and second hand)—F.I. a Royal Enfield Model Re. to cost H.K.\$ 1,260.

MOTOR CARS & TRUCKS (new and second hand)—F.I. Morris 10 \$8,800; Ford V8 de luxe \$9,640; Chevrolet, Sports Sedan, \$9,990; duty included.

Many more items of chocolates, candies, medicines, cosmetics.

Complete list obtainable at Dept. Supplies, Trade & Industry.

Export & Control Licences

The following is a revised list of prohibited exports after a number of items have been deleted:

FOODSTUFFS: Govt. biscuits, bread, flour, butter, coconut oil, condensed milk, noodles, peanut oil, rice, sugar. TEXTILES AND KITCHEN GOODS of any description. TIMBER. RUBBER (male craps, smoked sheets), MOTOR ACCESSORIES, SHEET GLASS, BOTTLES, PRINTING MATERIALS, MOTOR VEHICLES, TIN PLATES.

Export licences will be issued in certain cases by Dept. Supplies, Trade & Industry.

(Concluded from November 6 and November 20 issues)

Investment Returns of Hongkong Public Companies

Following are investment returns of the leading 15 Public Companies of the Colony based on company results for the years 1927 to 1940.

HONGKONG ROPE MANUFACTURING CO., LTD.

CAPITAL ISSUED 31.12.40:—

200,000 Shares each \$10.00 fully paid—\$2,000,000.00.

Year	Net Profit	Dividends Paid	Share Market	
			High	Low
1927	\$ 98,663	—	\$10.00	\$ 5.00
1928	104,050	—	10.00	5.35
1929	68,776	—	9.00	6.50
1930	181,775	150,000	11.75	6.00
1931	214,810	200,000	23.75	11.35
1932	117,417	100,000	18.25	10.25
1933	56,255	70,000	12.25	5.65
1934	19,161	30,000	7.15	3.25
1935	Loss 36,878	—	4.85	1.55
1936	16,910	—	5.75	2.40
1937	58,210	50,000	5.80	2.50
1938	87,185	80,000	5.50	3.75
1939	115,874	100,000	6.00	3.50
1940	285,923	200,000	6.80	3.90
	\$1,388,331	\$ 980,000		

Average Profit over 14 years—\$99,166.50 per annum.

Average Dividend over 14 years—\$70,000.00 p.a.—35 cents per share p.a. on Issued Capital.

Market Prices 1927/1940:—High 1931 \$23.75. Low 1935 \$1.55.

Investment Return on price of \$10.50 (15.9.41).

On average dividend over 14 years (35 cents per share)—3.33%

On Dividend paid for 1940 (\$1.00 per share)—9.5%

DAIRY FARM, ICE & COLD STORAGE CO., LTD.

CAPITAL ISSUED 31.12.40:—

293,335 Shares each \$7.50 fully paid—\$2,200,012.50.

Year	Net Profit	Dividends Paid	Share Market	
			High	Low
1927	\$ 238,540	\$ 250,000	\$18.25	\$14.40
1928	288,682	250,000	23.75	15.25
1929	331,768	300,000	22.50	18.70
1930	327,364	300,000	27.75	20.25
1931	635,002	437,500	34.10	24.50
1932	531,230	437,500	30.00	27.25
1933	517,333	440,002	29.75	26.90
1934	435,219	377,145	29.50	22.15
1935	432,972	377,145	24.25	12.25
1936	434,344	402,288	23.25	19.15
1937	441,084	402,288	27.25	22.00
1938	502,924	440,013	26.80	22.75
1939	553,020	476,669	26.50	23.00
1940	451,849	440,002	23.50	21.50
	\$6,121,331	\$5,330,542		

Average Profit over 14 years—\$437,238 per annum.

Average Dividend over 14 years—\$380,753 p.a.—\$1.30 per share p.a. on Issued Capital.

Market Prices 1927/1940:—High 1931—\$34.10. Low 1935—\$12.25.

Investment Return on price of \$20.50 (15.9.41).

On average dividend over 14 years (\$1.30 per share)—6.34%

On Dividend paid for 1940 (\$1.50 per share)—7.32%

Hongkong Exchange Shops

Selling Prices in HK\$

November	CN\$	Gold per		US\$
		tael	£	
25	910	321	15.50	4.80
26	890	322	15.60	4.78
27	890	320	15.60	4.77
28	900	320	15.60	4.78
29	910	325	15.60	4.77
30	920	324	15.55	4.77

Shanghai Exchange Shops

Selling Prices in CN\$

November	Gold per ounce	US\$	HK\$	£
25	269,000	4,850	970	15,500
26	270,000	4,950	975	15,500
27	268,000	4,900	950	15,500
28	266,000	4,900	950	15,400
29	270,000	4,900	970	15,600
30	273,000	4,980	980	15,600

A. S. WATSON & COMPANY, LTD.

CAPITAL ISSUED 31.12.40:—

150,000 Shares each \$10.00 fully paid—\$1,500,000.00.

Year	Net Profit	Dividends Paid	Share Market	
			High	Low
1927	\$ 132,237	\$ 84,000	\$13.00	\$11.00
1928	142,110	96,000	15.00	11.00
1929	87,988	84,000	14.25	11.00
1930	124,660	90,000	13.25	10.70
1931	201,324	120,000	18.50	12.40
1932	28,846	—	17.00	12.00
1933	65,902	45,000	12.75	6.00
1934	30,866	45,000	7.60	5.00
1935	20,256	—	5.00	2.65
1936	46,434	37,500	5.10	2.80
1937	139,313	75,000	6.10	3.80
1938	318,628	150,000	8.45	4.50
1939	378,880	195,000	9.25	7.25
1940	438,831	210,000	11.00	7.30
	\$2,156,275	\$1,231,500		

Average Profit over 14 years—\$154,019.64 per annum.

Average Dividend over 14 years—\$87,964.28 p.a.—59 cents per share p.a. on Issued Capital.

Market Prices 1927/1940:—High 1931—\$18.50. Low 1935—\$2.65.

Investment Return on price of \$13.50 (15.9.41).

On average dividend over 14 years (59 cents per share)—4.4%

On Dividend paid for 1940 (\$1.40 per share)—10.4%

HONGKONG STOCKS & SHARES

Quotations:

(Prewar prices were published in our Oct. 16, 23 & 30 issues).

	Closing Rates on Nov. 30:		Business done during the week
	Buyers	Sellers	
H.K. Government Loan—4%	106	—	—
H.K. Government Loan—3½%	101½	—	102
H.K. Banks Union Insurances Canton	1,375	1,385	1,395/1,380
Insurances	630	640	635
Insurances	385	400	400/390
H.K. Fire Insurances	—	265	—
China Underwriters	1	—	—
Wharves	140	145	—
Docks	—	17	—
China Providents	13	13½	13
Douglas Steamships	200	—	—
H.K. C & M. Steamboats	12	—	—
"Star" Ferries	—	68	—
Yamatani Ferries	—	23½	—
Hongkong Hotels	16.25	16.50	15.50/16.25
H.K. Lands	—	85	86/85
Humphreys Estates	18.50	19	19
H.K. Realty & Trusts	15.50	16	15/15.75
H.K. Tramways	28	—	28/28.35
H.K. Electric	32½	—	32½/33
Macao Electric	—	19.50	—
China Lights (Old)	10	10.50	10/10.50
China Lights (New)	—	7.00	—
H.K. Telephones (Old)	34½	35	34.50
H.K. Telephones (New)	—	20	19.50
Green Island Cements	13½	—	14/13.25
H.K. Ropes	—	10½	10
Dairy Farms	—	32½	—
A. S. Watsons	22	22½	22
Lane Crawfords	22.50	23	21/23
Wm. Powells	—	3	—
China Emporiums	3.80	3.90	—
The Sun Co. (H.K.) Ltd.	2.70	2.80	—
Sincere Co., Ltd.	6.40	6.60	—

